

June 24 1975

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# THE TIMES

Time to break the  
secrecy barrier:  
Eric Heffer, page 14

## Mont Blanc lunch fails to get off the ground

From Charles Hargrove  
Paris, June 23  
Instead of lunching on the heights of Mont Blanc, the 30 guests of the Association of Young Restaurant Owners of today had to fall back far more prosaically on a parking lot at Chamonix. The gastronomic treat was to have been served to the "majors", the candidates who obtained first place in the competitive entrance examination of the *Grandes Ecoles*.  
Even a compromise plan to serve the meal in the restaurant of the Aiguille du Midi could not be carried out. There were not enough cars available to get the necessary culinary equipment there in time.  
It was not had weather that killed the project, but the wave of protests of defenders of the environment and of nature and the threatened demonstration by members of the French Alpine Club. It condemned the idea as a farce that would sully the majestic peak in Europe.  
For the first time in a century of existence, it threatened to take direct action. It said it would prevent the helicopters, in which the cooks, hosts, guests and equipment were to be transported to the summit, from taking off or landing.  
Early this morning, 10 members of the club scaled the mountain to lie in wait in the valley, at Chamonix, demonstrators prevented the restaurant owners, and journalists, some 80 of them in all, from getting into the helicopter.  
In a statement issued yesterday, the French Alpine Club, the Association of French Mountain Guides, and other organizations, condemned the "grotesque and scandalous" character of the banquet at high altitude. It was grotesque for the luxury that was to be displayed in the form of lace tablecloths, crystal glasses, fine china, silver and candelabra; and scandalous, because it meant turning Mont Blanc into an advertising property.  
They sent a telegram to M Maurice Herzog, deputy mayor of Chamonix, and a veteran climber, who was to have presided at the lunch; to the Minister for the Quality of Life; and to the Minister of the Interior, protesting against the excessive cost of using the cable railway to the Aiguille du Midi.  
M Herzog received the leaders of the French Alpine Club. The latter proposed to the guests a digestive climb to the summit after the banquet in the parking lot, with crampons underfoot and mountain axes in hand.  
The offer was not taken up. The guests preferred the lesser exertions of the valley.

## Mr Nixon gives up bar practice

Washington, June 23.—A request by former President Nixon to resign as a member of the United States Supreme Court Bar was granted by the court today.  
In a brief order giving no explanation, the court directed that Mr Nixon's name be struck off from the list of lawyers admitted to practise before it.

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Spectators at Wimbledon sheltering under umbrellas on the refreshment lawns yesterday when rain stopped play.

## Vinbledon capes on, mildly, but unloved

By Phil Howland  
The isolated plunk and thwack of a tennis ball on a grass court in the western suburbs of London and the monotonous splatter of rain on grass were the only sounds that the All England Tennis Championships heard at Wimbledon today. The rain was to be its changeless, the state bath buns, the hedgehogs, the brown line, the asseverate middle-class accents, and the sometimes stopping play.  
There are reports from custom this year to catch the eye of the enquirer. Bjorn Borg has a buzz of snappy beard; William Hill, the bookmakers, have piled a tent on the sacred turf and are offering singles, doubles, trebles and accumulators of the eventual champions and a few selected matches of the 1st Commercial Union Insurance has a marquee showing films of old tennis when it rains; Bob Twyman, head groundsman, who has buried the grass to the level of big big tables for the past 50 years, is retiring.  
But apart from these changes, the engaging annual garden party of the tennis world carries on, mildly but unloved. The spectators and hustlers are offering £10 and asking £20 for a centre-court seat next week.  
Match reports, page 8

## Government and TUC fail to agree on curbs for wages and prices

By Paul Routledge  
The union demands for higher price control ran into opposition within the Labour Party yesterday when Mrs Price, Secretary of State for Prices and Consumer Protection, told the TUC that two big food items, butter and margarine, would be exempt from the controls unless their profit margins were raised.  
The disagreement between the unions and the Government came at a TUC-Labour Party liaison committee at which the two sides failed to reach agreement on a programme for restraining inflation by curbing wages and prices.  
The House was a statement conceding that a reduction in wage rises had to be accompanied by a reduction in prices "backed up by subsidies where necessary".  
Mr Jack Jones, general secretary of the Transport and General Workers' Union, was the sole trade union leader at the meeting. He strongly criticised recent ministerial statements that the wage restraint measures that the TUC social contract with the Government needed to be tightened. Such statements did not help the unions to win allegiance to the existing guidelines for negotiation, he said.  
The transport workers' lead, also warned ministers, who were present in force with executive and party's national secretary, that the TUC might have serious difficulty in persuading his union's business policy-making conference, Blackpool later this month to accept the social contract.  
Mr Jones was particularly critical of Mrs Williams for what he called the rapid curbing of price controls, but Mrs Williams retorted that it was very difficult to control the entire range of manufacturing processes that led to the rise in the shopping basket.  
In the absence of other trade union leaders, who normally make up the TUC contingent to the liaison committee meetings, Mr Jones apparently stayed his hand on his plan for rate increases in the form of £10-a-week cost of living bonuses that could take the place of normal collective bargaining over the next 12 months.  
The details of his proposals could be the subject of a heated debate at the TUC General Council meeting tomorrow.  
The joint statement issued by the TUC and the Labour Party yesterday afternoon recorded that a joint meeting had taken place, and the TUC's document, by the development of the social contract had been examined. It had been noted that the TUC and the CBI were endeavouring to make progress on parallel lines.  
The liaison committee reaffirmed "the need for the closest unity between all sections of the Labour movement to key" and recognized "the great progress being made by the Government in implementing agreed industrial, taxation and social policies, and many other aspects, including the development of employment protection and industrial democracy".  
Then, in an important but somewhat obscure paragraph, the Government and the TUC said: "It is in this setting that the committee recognizes the urgent need to project to the movement the need for a concrete programme for bringing down the level of inflation."  
A price target would need to be backed up by subsidies where necessary, with an  
Continued on page 2, col 1

## Palace permits use of film shots of the Queen

Buckingham Palace has withdrawn its objection to the use of newsreel pictures of the Queen attending a state opening of Parliament in 1970 in a commercial film, starring Rod Steiger, about an attempt to blow up Parliament.  
That was confirmed yesterday by Buckingham Palace, which admitted that a misunderstanding on its part had led to its giving consent to American International Pictures, which made the film, *Hennessy*.  
The film has been banned by EMI, but the palace nevertheless confirmed its consent for the pictures to be used after failing last week to stop their inclusion.  
In a joint statement, Mr Ronald Allison, press secretary to the Queen, and AIP said: "Before the film was made the company asked Buckingham Palace for permission to use parts of the relevant news film, and that permission was granted. It is now accepted, however, that when that permission was given there was, through no fault of the company, a misunderstanding on the part of the palace as to the way in which the news film was to be used.  
The palace has none the less confirmed its consent in this instance. The directors have agreed, however, to include a statement before the credits that the shots of the Queen were not intended for use in a fictional context.  
The statement says Buckingham Palace will not in future grant similar consent.  
One cut has been made: a six-second sequence in which the Queen appears to be reacting to seeing Mr Steiger wiring explosive charges.  
The film has been passed by the British Board of Film Censors.

## Lawyers barred from terror trial arrested

Stuttgart, June 23.—Police raided the offices of left-wing lawyers in four cities today and arrested two prominent lawyers associated with the alleged Baader-Meinhof gang of terrorists, the authorities announced.  
Herr Klaus Croissant was seized in Stuttgart on suspicion of having helped the accused urban guerrillas "continue their struggle against the West German state" from their jail cells.  
Herr Hans-Christian Strübe was picked up in West Berlin on an arrest warrant accusing him of organizing protests by anarchists against the group's long pretrial detention.  
Both lawyers had been excluded by court order from the trial in Stuttgart of Herr Andreas Baader, Frau Ulrike Meinhof and their two alleged chief accomplices.

## General Amin renews threat to execute Mr Hills

General Amin also accused Lieutenant-General Sir Chandos Blair, the British officer who took the Queen's clemency plea to Uganda, of saying that British troops would intervene in the country if the execution was not called off.

## Demand for Callaghan visit to Uganda

insulting the President in an unpublished book.  
According to an unnamed reporter quoted by Uganda radio, General Blair threw General Amin's letter replying to the Queen onto the floor when it was handed to him at the general's residence. General Blair, the radio said, demanded to be told the contents of the letter, and also demanded that the radio should be reprieved. A radio added that General Blair was leaving tonight for Kampala, where he had been handed the Prime Minister's letter. Amin's contention at Kampala was known to be a demand for Blair to resign. Blair, who was still in the country, was said to be angry and to have been told by Amin that he would be "killed" if he did not leave. Blair, who was still in the country, was said to be angry and to have been told by Amin that he would be "killed" if he did not leave. Blair, who was still in the country, was said to be angry and to have been told by Amin that he would be "killed" if he did not leave.

Mr Hills's execution today because of his respect for General Blair and the Queen.  
He made it clear, however, that the final question of a reprieve lay with the Defence Council, which met in Kampala today with General Amin in the chair.  
General Amin said tonight that "Uganda now awaits Her Majesty's response with pleasure". According to the radio, General Blair said that he was leaving Uganda in a condition of deep sadness.  
Asked by journalists if the British mission had been successful, General Amin said that, if it were not, General Blair was to blame. But if the Queen and the Prime Minister read his letter carefully and took the right decision, the mission would be a success. If not, the British community in Uganda would be in trouble. The British in Uganda were being closely guarded because they are spies.  
Photograph, page 5

Match reports, page 8

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## Judge told to report on rape case sentence

By Staff Reporters  
Lord Elwyn-Jones, the Lord Chancellor, has called for a report from Judge Christopher Humphreys on a case last week in which he imposed a six-month suspended jail sentence on a man who admitted raping two women.  
Lord Elwyn-Jones is also to discuss with Lord Widgery, the Lord Chief Justice, sentencing guidelines.  
Lord Elwyn-Jones said that the case was a "serious one" and that the sentence was "a warning to other men".  
The case involved a man who was charged with raping two women. He pleaded guilty to the charges and was sentenced to six months' imprisonment, suspended for six months.  
Lord Elwyn-Jones said that the sentence was "a warning to other men" and that it was "a statement of the law".  
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## White Cliffs plea

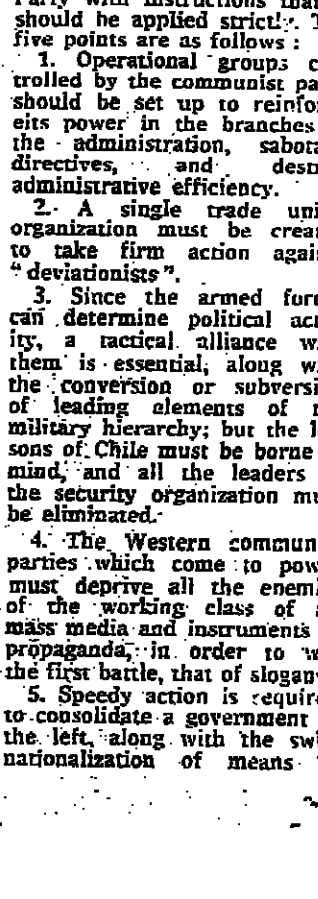
The National Trust launched a £250,000 appeal yesterday to save the White Cliffs of Dover from unsuitable development by buying up the land as it comes on to the market.  
The National Trust said that the White Cliffs of Dover were "one of the most important natural features in the country" and that they were "in danger of being lost".  
The Trust said that it was "pleased" to receive the £250,000 appeal and that it was "hopeful" that it would be able to buy up the land as it came on to the market.

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In a joint statement, Mr Ronald Allison, press secretary to the Queen, and AIP said: "Before the film was made the company asked Buckingham Palace for permission to use parts of the relevant news film, and that permission was granted. It is now accepted, however, that when that permission was given there was, through no fault of the company, a misunderstanding on the part of the palace as to the way in which the news film was to be used.  
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One cut has been made: a six-second sequence in which the Queen appears to be reacting to seeing Mr Steiger wiring explosive charges.  
The film has been passed by the British Board of Film Censors.

## Plan for 'takeover of power by communists'

From Charles Hargrove  
Paris, June 23  
M Georges Marchais, the French Communist Party secretary-general, sent a delegation to M Philippe Tesson, editor-in-chief of the independent left-wing daily *Le Quotidien de Paris* today to inquire into the authenticity of a "Soviet document" carried by his paper this morning.  
The document, published in a special number of the *Quotidien*, was a "Soviet document" which appeared in *Le Quotidien* as a four-page insert.  
Described as top secret and dated October, 1974, the document is allegedly signed by Mr Boris Ponomarev, the member of the Secretariat of the Soviet Communist Party, responsible for coordination with Western communist parties, to whom it was sent by "Soviet" sources.  
The plan of action for the takeover of power by these parties, which was the subject of the document, was said to be "a plan of action for the takeover of power by these parties".  
We cannot imagine that M. Ponomarev and Dr. Ponomarev would publish such a document without checking its authenticity. M. Marchais said at a press conference. The French Communist Party had not received it.  
The plan, according to *Le Quotidien*, fell into the hands of some Western journalists through a "leak". It was sent to the Portuguese Communist Party with instructions that it should be applied strictly. The five points are as follows:  
1. Operational groups controlled by the communist party should be set up to reinforce its power in the branches of the administration, sabotage directives, and destroy administrative efficiency.  
2. A single trade union organization must be created to take firm action against "deviations".  
3. Since the armed forces can determine political activity, a tactical alliance with them is essential, along with the conversion or subversion of leading elements of the military hierarchy; but the lessons of Chile must be borne in mind, and all the leaders of the security organization must be eliminated.  
4. The Western communist parties which come to power must deprive all the enemies of the working class of all mass media and instruments of propaganda, in order to win the first battle, that of slogans.  
5. Speedy action is required to consolidate a government of the left, along with the swift nationalization of means of production and the destruction of the private sector.  
The publication by *Le Quotidien* of the alleged Soviet document, along with a leading article by the editor of *Le Quotidien*, senior Raul Rego—in which he states that "all dictatorships begin by invoking the backwardness of a people in order to save it; in fact they do everything to thwart its progress towards democracy"—is bound to worsen relations between French Socialists and Communists.  
"There cannot be one kind of freedom in Lisbon and another in Paris," the French Socialist weekly *L'Unité* wrote recently, and the French Communists have accused their allies in the union of the left of taking part in the present anti-Communist campaign by exploiting the *Le Quotidien* affair.  
Today, the Communist newspaper, *L'Humanité*, describes the publication of the special number of *Le Quotidien* as a direct attack against the Armed Forces Movement, on the very day after it had condemned the institution of socialism by violent means.



The papers that published a 'top secret' Soviet document. Communist Party had not received it.

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HOME NEWS

# Final chance to save whale, Sir Peter Scott tells world delegates

Scott, 82, said the world's last hope for the whale was the International Whaling Commission (IWC) meeting in London today. He said the IWC was the only body with the authority to ban whaling, and that it was up to the world's governments to decide whether to do so. Scott said that the IWC had a final chance to save the whale, and that it was up to the world's governments to decide whether to do so. He said that the IWC had a final chance to save the whale, and that it was up to the world's governments to decide whether to do so.

# Dance hall accused of colour bar

From Our Correspondent Nottingham  
The Mecca company practices racial discrimination in its dance halls by refusing entry to coloured men after outbreaks of trouble, Nottingham County Council was told yesterday.



Girls from Guernsey and Ulster joining up camp near Lewes yesterday in conjunction with the world ceremony of Girl Guides being held at Sussex University.

# Bank union applies to rejoin TUC

By Our Labour Staff  
The National Union of Bank Employees has decided to apply for readmission to the TUC from which it was expelled for its decision not to deregister under the ill-fated Industrial Relations Act.

# Rubber bullets two Ulster

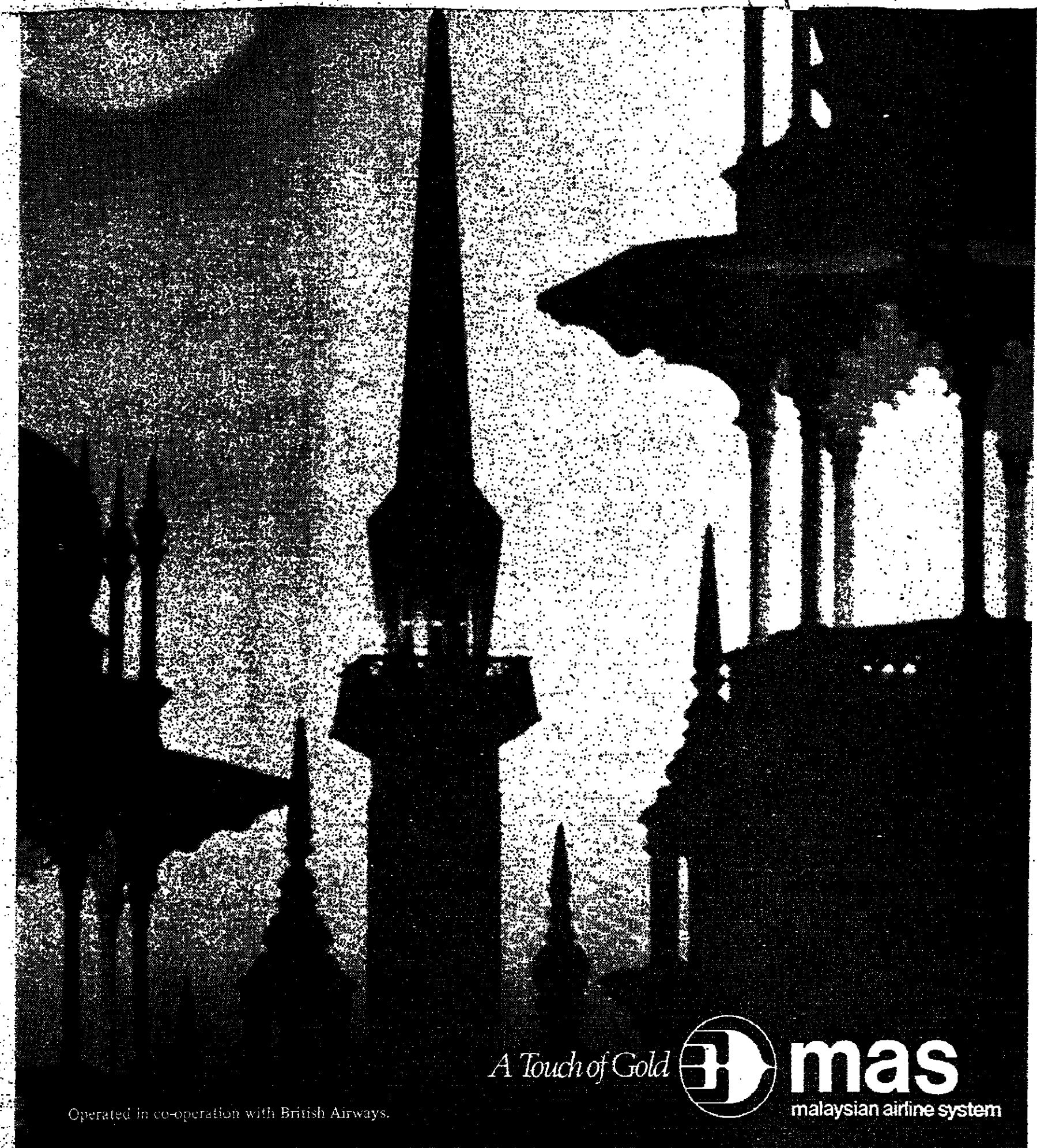
By Our Medical Correspondent  
The 33,000 rubber bullets fired by security forces in Northern Ireland caused two deaths and 40 serious injuries: an average of one major casualty for every 800 rounds fired. Ninety cases were treated in hospitals in Belfast and Londonderry, and apart from the deaths five people were left with severe loss of vision in one eye, seven were blind in one eye, two totally blind and eight others with some permanent disability.

# Asia?

# Start at the heart-Kuala Lumpur One-stop hop on MAS

Kuala Lumpur is right in the centre of the Asian circuit - just down the way from Bangkok, Hong Kong, Taipei, Tokyo, close by Manila and Jakarta. Next door to Singapore. With regular MAS services to all these cities. A thriving, progressive business centre, K.L. is your natural choice of an Asian base. And you fly from London one-stop on MAS.

With all the attention and service that we think of as our 'touch of gold'. A select gourmet menu - it means a fine choice of cuisine from East and West. Bright, comfortable decor. Asia? Start at the heart - through Kuala Lumpur. With MAS. Departures every Tuesday and Friday at 8.30 p.m. from London.



# coin report tells Civil silver piece

By a Staff Reporter  
The Royal Mint is striking a £1 coin metal other than gold the only previous one on which such a coin circulated. The coin is a silver piece, and it is being struck to mark the 100th anniversary of the death of Queen Victoria.

# TV violence not big issue, Annan committee told

By a Staff Reporter  
Many people might agree that violence and sexual explicitness on television can sometimes perform a function that is both valuable and valid, according to the BBC Advisory Group on the Social Effects of Television.

# county council on trail aid from EEC

Ronald Kershaw, county council of South Yorkshire, where England's lowest pro-European referendum was recorded, has produced a booklet to be published on 1 July designed to explain how authorities may make the most of opportunities of financial assistance from the EEC.











OVERSEAS

Mrs Gandhi to hear court verdict today

From Our Correspondent  
Delhi, June 23

The Supreme Court in Delhi will announce tomorrow its verdict on the application of Mrs Gandhi seeking a stay against the Allahabad High Court judgment holding her election to Parliament void. The court's verdict is expected to be announced today, Justice Krishna Iyer, who announced today that the Prime Minister's appeal against her conviction for election malpractices would be heard on July 14.

The point at issue is whether the stay should be conditional or unconditional. If it is conditional, Mrs Gandhi can continue as Prime Minister but cannot vote, take part in Parliament's discussions or draw any allowance.

This handicap was elaborated by Mr N. A. Palkhivala, for Mrs Gandhi. He said that if an unconditional stay was not granted, Mrs Gandhi would suffer irreparable damage and her political life could be impaired. Apart from damage to her personal image, the conditional stay would cast an "unqualified doubt in the minds of the people" even if the court later absolved her of all the charges.

Referring to the Allahabad High Court's finding that the rostrums constructed by the state Government for Mrs Gandhi's election meetings, in the constituency of Rae Bareilly, were not part of the election arrangements, Mr Palkhivala said that if this thesis was upheld "it would lead to a very alarming state of affairs". He wondered whether it was at all open to a judge to go into the question of enforcement of instructions issued by the central Government to state governments.

Officials, he said, were discharging their duties by fulfilling the instructions contained in a central Government notification issued in November, 1969.

The other corrupt practice cited in the Allahabad High Court judgment—that Mr Yashpal Kapoor, an official in the Prime Minister's Secretariat, was working for Mrs Gandhi while in service, was also challenged by Mr Palkhivala. He said that the resignation was tendered on July 13 and it was accepted "only" on July 14.

Mr Kapoor did not draw pay from that day. The fact that the notification was issued on January 25 did not matter. (The Allahabad High Court judgment held that Mr Kapoor ceased to be a Government employee after January 25.)

Opposing the stay application, Mr Shanti Bhushan, Counsel for Mr Raj Narain, Mrs Gandhi's election opponent, said that once a person was disqualified by a court of law, he could not be a minister at all and could not continue in office on the strength of a stay order alone.

Our Diplomatic Correspondent writes that Mrs Gandhi may sound worse than it really is, judging from an explanation of the case put out by the Indian High Commission in London.

The Supreme Court may uphold the lower court's judgment, quash it or modify it by holding that any irregularity that might have been committed was so minimal and technical as not to affect the result of the election, and that therefore the election should not be held invalid.

If the order is upheld, however, Mrs Gandhi has one further way out of her predicament. Under the Representation of the People Act, the Election Commission is permitted, if it finds reason, to remove the disqualifications to elected office or to reduce the period of disqualification, though the order invalidating the original election must stand.

Russia's campaign to encourage working wives robbed it of future workers to sustain expansion  
Fall in births threatens Soviet econo

From Edmund Stevens  
Moscow, June 23

From time to time, Soviet sociologists voice deepening concern over the falling birth rate. They say that, if the present trend continues in 10 years the population will reach zero growth and thereafter decline and age. Labour reserves will be exhausted, with dire consequences for the economy.

Unlike the Indian sub-continent and other parts of the world, troubled by overpopulation, the Soviet Union could easily accommodate and support several times its present population of 250 million. The vast economic development programme is already feeling the pinch of manpower shortage. In the first 15 years after the Second World War, the population increased by 30 million, but in the following 15 years it grew by only five million.

According to Mr Victor Perevedentsev, the eloquent Cassandra of Soviet demography, the present annual birth rate is a million below what it was in 1960. As a result, the coefficient of population growth shrank from 1.3 in 1960 to 1.1 for recent years.

Within this average for the whole Soviet Union, rates for various areas differ considerably. In the Russian Soviet Federal Socialist Republic, the Ukraine, Byelorussia and the Baltic republics, parents outnumber their offspring, especially in the big cities, where the ratio is seven children or less for five families. Among the Turkic peoples of Soviet central Asia, however, and in the southern Caucasus, average families have four or five children.

A side-effect of this imbalance has been a shift in the Soviet Union's racial make-up, with Russians and other Europeans forming a minority.

But the same factors that caused the birthrate to decline apply, with a time lag, to the non-Europeans. In the process, according to Mr Perevedentsev, the present slender margin of overall population growth will be wiped out unless remedies are found.

The minimum required for the population to reproduce itself is reckoned as an average of 2.65 children for each family.

In a survey by the Central Bureau of Statistics, some 38,000 women all over the Soviet Union were asked how many children they would like to have. The total findings averaged 2.4 children, slightly below the reproduction minimum.

It would have been still lower except for the reasons for Central Asia and remote rural areas untouched by urbanization. The figures from Moscow were 1.6 and from Leningrad 1.8.

One of the problems with demography is that appearances are often deceptive without deeper study. For instance, when Akademiya dok, the Siberian branch of the Academy of Sciences, was carved out of the wilderness near Novosibirsk in 1953, it was staffed almost entirely with young recent graduates, among them Mr Perevedentsev, who was then 27.

There were many newlyweds. Others who arrived single soon got married and in due course the place was swarming with children. But after their first, most couples stopped having children and eventually Akademiya dok became a classic example of depopulation.

In rural areas big families are still regarded as economic assets for the eventual additional hands and as insurance for old age. For city dwellers, however, each child is an added burden on financial and physical resources, especially on the mother now that most married women have full-time jobs.

The big change in this respect came in the early 1960s, when a acute labour shortage led to a policy of recruiting housewives for the economy. In 1959 there were more than 16 million full-time housewives in the towns.

By 1970 their number had shrunk to less than six million. Former housewives counted for more than half the increase in the labour force during the decade. The simultaneous catastrophic drop in the birth rate was a direct consequence.

As Mr Perevedentsev points out, in the long run this shift

Comecon to grapple with dearer oil

Vienna, June 23.—Prime ministers of East Europe begin a crucial meeting in Budapest tomorrow, looking ahead to the next five-year plan. The full brunt of sharply increased Soviet oil prices.

The annual prime ministerial conference of the Council of Mutual Economic Assistance (Comecon) takes place six months after Russia raised crude oil prices by 130 per cent, introducing a sudden shock element into member countries' planning.

The increases were enforced 12 months earlier than expected, and coincided with rising inflation in the West which has raised prices also for capital goods imported by communist governments. Prices for other Soviet raw materials were also increased.

The Budapest conference will review the impact of these combined pressures, and assess whether new steps can be taken by Comecon to cushion the effects. The possibilities, according to Western analysts, are limited.

Comecon, which is pressing for integration and has vastly increased economic coordination since 1971, consists of the Soviet Union, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania, as well as Cuba and Mongolia. Yugoslavia has associate status.

The three-day meeting will discuss the impact of the "five-year plan" for the next five years beginning next January.

East European governments have been assessing industrial priorities since the new Soviet prices increased their nominal import costs for this year alone by the round equivalent of about £1,750m.

They have also been hit by import restrictions by the European Community, Hungary's foreign trade deficit in the first four months of this year was as large as the deficit for the whole of 1974.

The idea of integrating the economies of the East European community was accepted in Moscow in 1969 and confirmed in Sofia in July, 1971. But there is some opposition to certain aspects, notably from Bucharest.

Romania, which takes a strongly independent line, has indicated that it will continue to resist Soviet pressures for greater supranational integration in specific industries. Under Comecon rules, member countries can contract out of such arrangements.

Bucharest is believed to fear

Conflict and confusion at UN meeting on women

Mexico City, June 23.—The United Nations gathering on women's rights has produced two conferences, one official and one unofficial, causing observers to wonder whether the 5,000 delegates and others in Mexico City can reach any agreement.

Delegates to the official congress include women members of Parliament, wives of heads of state, and men. They make speeches in the skyscraper housing the Mexican Foreign Ministry about how much progress on conditions for women has been made in their countries, and what remains to be done.

The unofficial meeting is being attended by women's rights militants such as Miss Betty Friedan and Miss Gloria Steinem, black Americans, Puerto Ricans, Mexican-Americans and leftists protesting against the jailing of women in Chile.

Twenty-five delegation heads were scheduled to speak at the official conference, including Miss Valentina Terezhkova, the Soviet cosmonaut, Mrs Li Suwen, Vice President of China's Congress Committee, and Mr Olof Palme, the Swedish Prime Minister.

A schism has already opened up between women of developing countries, who hold that improving women's lot depends on raising the standard of living, and women from Western countries concerned with having existing laws on equality between the sexes really observed.

Both events appear to reflect present society rather than a crusade for change.—Agence France-Presse.

Salyut crew continue flight after breaking record

Moscow, June 23.—The two Soviet cosmonauts set a new Soviet record for space flight as they neared the end of their third day in orbit aboard the Salyut-4 space station.

The record, beating the 29 days 13 hours and 20 minutes flown by the first crew to visit Salyut at the beginning of the year, was not reported immediately by the Soviet media, which had also ignored its approach.

A Tass official confirmed yesterday, however, that Western observers were correct in setting the moment the old record would be broken at 7.18 Moscow time this morning. He added that his agency would not be drawing attention to the achievement.

Observers believed the official silence was aimed at avoiding unflattering comparisons with American missions on the Skylab station, which in 1973 and 1974 ran to 56 and 84 days.

Lieutenant-Colonel Pyotr Klimuk, the mission commander, and Engineer Vitaly Sevast'yanov were launched on May 24 and today became the world's third-longest flying space crew.

In a television transmission from orbit 220 miles above Earth last night, Colonel Klimuk showed how he and his space partner used special vacuum trousers and assorted medical equipment to test how weightlessness affected their bodies.

Both men appeared in excellent spirits. Reports in yesterday's press spoke of them preparing further experiments, indicating the flight will continue for some time yet.

Moscow gives welcome to Belgian royalty

Moscow, June 23.—The Soviet Union welcomed its third royal couple from Western Europe in a month when King Baudouin and Queen Fabiola of the Belgians arrived today.

Queen Margrethe and Prince Henrik of Denmark visited Russia late in May, and were followed by Grand Duke Jean and Grand Duchess Josephine Charlotte of Luxembourg.

The Belgian royal couple are visiting at the invitation of the Supreme Soviet. They were greeted at Vnukovo airport by President Vdugorny and Mr Kosygin, the Prime Minister. They are accompanied by Mr Tindemans, the Belgian Prime Minister, and Mr Renaat Vanelslande, the Foreign Minister.—Reuter and UPI.

Everything in Le Jardin is lovely

You might well think that the perfumery arts have now reached saturation point; the most modest bathroom hosts a cacophony of smells, often wildly conflicting, which thrusts nervous wearers such as myself of the great French chef; to say nothing of the genuine American article, into the scentless arms of Johnson's baby talc and shampoo and Wiber's pine bath essence, which somehow perfumes the bath divinely, but not you. A million dressing

tables are cluttered with the darkening, vinegary residue of a million Christmas and package scents.

You might think the market has reached saturation, but that is not the view of the cosmetic houses, who are experiencing in Britain a boom in customers who perhaps want to forget today's grim realities in a waft of deliciously evocative fragrance. Forty per cent of the Revlon business, their British managing director Mr Scanlan tells me, is now concerned with "fragrance", though eliciting exactly what "fragrance" is hard for those with a near mind.

There are, it seems, no laws, not even any hard and fast rules as to what constitutes a perfume (a word, by the way,

considered non-British in England), a fragrance (the trade's regular designation) and a scent (a useful guide to the amount of perfuming ingredients in water in any perfume; it is usual to expect 15 per cent activity in perfume, 10 per cent in eau de toilette, and between 2 per cent and 6 per cent perfuming content in a cologne. Nor is there any criterion for staying power—but most scents today last a maximum of four to five hours).

Twelve years ago, according to Paul Blackman, one of the experts in the perfumery arts, 80 per cent of the British fragrance market consisted of perfumed talcum powder. Indeed, how I remember that one luxury at boarding school, and the agony of deciding between

Coty's L'Air du Temps or Muguet de Bois. I suppose that the answer is that there is always room for new perfume providing that it is of top quality and that it is marketed with originality. Revlon hit on the idea of making a scent jointly with the Russians, a piquant marriage of aggressive western capitalism and know-how with the lumbering aspirations towards beauty of a people who in the past knew, a staying power—but most scents today last a maximum of four to five hours).

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However, I applied the thinking behind the idea, so much of the marketing and promotion of perfumes reflects the conservative and old-fashioned ideas of what image sells a product. I recall horrifying a Rochas executive by suggesting to him that since his products were ineluctably linked in my mind with the holiday sun and were thus well-known by name on the market, not especially choosy or knowledgeable, he should install scented towel sachets at a modest price in self-service petrol stations. Family motoring seemed to me a most promising new avenue, but he was appalled that a French perfume should be associated with anything so vulgar.

Of course French perfume, that rocks the room has an essential, indefinable cachet, another policy behind another new range of perfumes, Le Jardin, even more subtle; why bang your head against a wall built at another season's expense when you can climb up and sit in the sun? Le Jardin is a collection of absolutely pure, top quality, natural, 20 per cent strength scents. Floral, woody, animal (civet and musk), vegetable (cucumber), fruit (strawberry) and earth (Italian Orange and Verbena are both particularly exquisite—and what are called "perfumers' key notes" which include Chypre, Patchouli (also, now best known as a good cover up for the smell of pps) and Cuir de Russie, which was once the favourite of the French. It is the product of Paul Blackman's working lifetime in the perfume industry. In his time he has been with Coty ("They still give remarkable value for their money"), worked in Grasse, president of Fabergé, managing director of Polly Bergen in America, and created the Givenchy perfume idea: "At the time I was convinced customers should be linked with perfume, Chanel was the first ever to do it in the twenties. Francois Coty gave her a Russian scent he had, and she called it Number 5".

While accepting that French perfume is the most prestigious and the finest in the world when it is pure, from Grasse, Mr Blackman nevertheless thought that it was pricing itself out of the modern market. Women were simply not buying French perfume for themselves as shown by the sales figure which peaked around Christmas when 80 per cent of the buyers are men. Women, he thought, would buy more of a to quality product presented with out fussy packaging, at reasonable price, and above a sold in a way which encourages them to mix and experiment with several scents and use them lavishly "instead of ritual dab behind the ears".

Le Jardin scents, all made in Grasse, are sold in 100 apothecary bottles which cost £6. Immediately wanted a small size so that for an investment of say £12, I could have no permutations—but mixing at matching to individual requirements, plus the making marching soap, candles, etc, is on its way. In the meantime, Le Jardin's 45 just scents in their last pot pourri go on sale at Selfridges, July 1 and will then be Harrods from the beginning September.

Having said that Le Jardin perfumes are the products of the imagination and marketing nous of Mr Blackman, allow me to introduce Mrs Blackman, nee Rosemary Kemp, beautiful 33, and the very apothecary who Le Jardin is all about. Mrs Kemp, born a Marchioness and a girl who did like paying for waste in perfume, was concerned with ecology and conservation hence all the purity and natural scents, and the assurance she has come to successful terms with the use of animal fixants in the products she has inspired. "Is one of the girls who I want to get out of a flimsy blue jeans; other girls I want to look like a princess".

For look, add smell. In other words, Mrs Kemp is a modern woman who plays many parts in her time, and uses clothes and her cosmetics enjoy playing those parts. She worked as a model in fashion business, and came to England, but confesses it did not work out. She pined for Mr Blackman, who by then had met, went back with new ideas for selling scents, "got him to marry me, thereby bearing out the Guinness that if you want a work for him or with him, proximity is a great advantage of romance, as everyone knows. Though I was a lot of nauseating Hollywood films, because Mrs Kemp was wearing Le Jardin's "T. Free" at the time.

I am wearing it myself and have so far received a interesting proposition from unexpected source, and the compliments from other women I have ever received. I am sure that the other hand, as I have developed my hair, after I am next to it, lunch.



The handkerchief hem: A sweet ambivalence of time for those who hesitate on length.

Above: Hand-printed pure silk skirt and top, in a vivid blue with white flowers. The top is tied at the front and on the arms with tiny bows. Designed by Jean and Martin Pallant and available from a selection at Lucienne's, 89 Knightsbridge, London, SW1. Feathers, Kensington High Street, W8, Fortnum & Mason, Piccadilly, W1, at £89.50. The matching silk scarf is arranged, and the make-up influenced by the distinguished Japanese hair and make-up designer Koba.

Indian silver choker, hand enamelled in blue and decorated with tiny glass beads. From "Chi-Cha" at Way-In, Harrods, SW1, at £26.

Silver evening shoes called "Esperanza" from Charles Jourdan, 4-49 Brompton Road, SW3, £33.50, also in gold.

Right: Sleeveless silk chiffon dress, printed with red poppies and lines of blue on white. The chiffon bodice falls in handkerchief points, from the red satin neckline, to match the skirt, and the bolero floats over the shoulders. Designed by Maria Martin and available from a selection at her shop, 146 Brompton Road, London, SW2. Style A2/15, £98.90.

Hair created by Koba.

Photographs by Dick Polak



Blind baby guides himself with radar cap

Palo Alto, June 23.—A Scottish psychologist who has helped an eight-month-old blind boy here in California to "see" by fitting a radar cap to the baby's head, said it was too early to predict if the experiment represented a breakthrough for the blind.

Dr Tom Bower, a University of Edinburgh lecturer, fitted Dennis Daughters with the cap. It sends out sound beams that reflect from objects and return to the cap as whistles which tell Dennis where the item is.

Dennis, the son of Dr Dennis Daughters, a physician, and his wife Melody, a nurse, was blinded by the extra oxygen needed to keep him alive after his premature birth.

"Our biggest success came when we took a teething biscuit to him," Dr Bower, who is 33, said yesterday.

"We let him taste it, then we held it up in front of him. He just took it perfectly and put it in his mouth."

Dr Bower, who is working at Stanford University on a fellowship, said of the baby: "He has done a few things just spectacularly well. He smoothes and usually blind babies are late in reaching, crawling and walking."

"If he can keep on going on this sort of schedule, I think it would be a breakthrough for blind children."

"But, of course, there is a great fear that, suddenly, all the gains will disappear and there will be no long-term gains, which would be very sad. Everyone involved in the experiment is very, very hopeful."

Dr Bower, who was led in to experimenting with blind children by the sophistication of sensing equipment available here, said he hoped to continue working with on slightly babies when he returned to Scotland next month.

Dr Bower said one of the main problems had been fitting Dennis with the cap. "We knew that a small baby was bound to grow bigger, but what we didn't anticipate was the rate at which he grew."

"A cap we fitted on him one week was digging into his head the next week. A flexible cap had been designed to take care of this problem.—Reuter.

Moscow gives welcome to Belgian royalty

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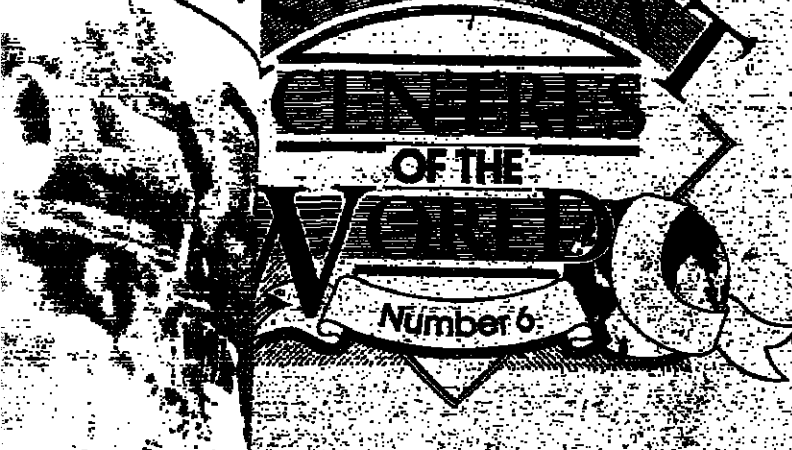








German army wins its battle



# Aberdeen

## Brings a mixture of wealth and doubts

From traditional industries, Aberdeen, mainly by the construction industry which at the time was overwhelmed with work and desperately short of workers. Even now government policy for restraint in public expenditure and for a cut in local authority schemes seems nonsense in Aberdeen. Local officials declare that a shortage of houses and a slow-down in developing the roads and services to various offshore oil projects is reducing the pace of oil development. When this is the main hope for healing the economic damage done by importing oil, it seems an odd policy. But a slow-down, however unexpected, could help the traditional industries in Aberdeen to recover their strength and to avoid a lop-sided economy.

The labour exchange offers jobs at salaries which three years ago would have been unbelievable but traditional Aberdeen area, some 6,000 were in oil-related jobs. The number who earn some of

Government's wages policy their wages from oil indirectly is probably much higher. Any move towards a one-industry economy should be resisted, he believed, because this could encourage more labour-intensive industries to move out.

Aberdeen might then suffer a similar fate to its distant neighbour, Dundee, badly hit after the Second World War by a decline in the jute industry.

Other industry leaders fear the same domination from oil and have called for controlled expansion. They sense that the Government is being driven by political expediency rather than practical common sense when they see the support for the EEC fisheries policy and the establishment in Glasgow of the British National Oil Corporation, when all the action is happening in Aberdeen.

An Aberdeen oil industry official remarked: "If the oil corporation wants to do business with the oilmen, if

that is the object of this new organization, then it is surely common sense to move near them and not a hundred or more miles away. "The real contacts are made in places like this bar. Millions of pounds must effectively have changed hands here through contacts and casual talk from which business is born. Someone knows someone else and, bingo, you have a deal."

More significantly the oil companies had chosen Aberdeen. Shell and BP were both expanding their headquarters. Occidental had recently opened their office. Total was about to start and SEDCO, a drilling contractor, had headquarters in the city where Aberdeen airport has expanded from one of the sleepiest to among the busiest airports in Britain.

The British Airports Authority now has responsibility for the airport and plans to spend £7m in developing passenger and landing facilities.

ning permission and sell for £40,000 an acre, have ended. The land dealers have been over every inch of territory, every yard of coastline that might be brought into oil development. It would have been helpful to have worked out some proper policy in the old days to avoid these deals which only feed inflation, an Aberdeen councillor declared.

House prices which were once the highest in Britain outside the south-east have eased but are still far above the levels of three years ago. It is difficult for local people to buy a home, where the business works in traditional industries. And the cost of land and labour has put the price of public housing rocketing. This reflects heavily on the new level of rates, and the district authority shows an inclination to cut back on a 4,000-house programme which is urgently needed to accommodate incoming workers.



Ian Berry-magnum

## High price of labour puts local firms at disadvantage

by the Scottish economy in the early 1970s. But it was certainly oil which was responsible for attracting the American banks which have opened branches in Aberdeen in the past few years, although local development officials like to think they were moving into the city only a few years ahead of when they were large, might have been persuaded an area which was economically behind the rest of Britain. Unemployment of major importance, the city as high in percentage terms was able to exercise a natural

attraction through a unique combination of factors which no other Scottish east coast community could rival. It had a port which housed Scotland's largest fishing fleet and handled commercial traffic for the region, and was thus able to absorb the initial trickle of oil-rig service vessels. Through subsequent investment in facilities which would make it totally non-tidal, it could be expanded to cope with the boom demand for quay space.

The airport at Dyce, on the outskirts of the city, was also an established centre for flights to the northern islands and capable of expansion to take helicopter flights and the new scheduled inter-Britain and overseas services generated by the oil boom. But not least important, the city of 200,000 people with its own university, shopping and recreational facilities serving a wide hinterland, was also a pleasant place for oil workers to settle and raise their families if they were to be assigned to Scotland for a number of years.

More than 5,000 jobs in Aberdeen and the surrounding area can be attributed directly to the oil industry and economists are still arguing over how many additional opportunities have been created indirectly. A recent survey by the North-East Scotland Development Authority showed that between 200 and 300 local firms were either actively involved in oil development or were able to offer a direct service to the industry.

Most of the firms were specialist contractors probably only employing a handful of people each. But their cumulative effect has been to alter radically the local labour situation, often to the rancour of non-oil local concerns which find wages rising above accustomed levels and are often unable to compete.

Despite the handicaps of a lack of labour and housing, the sheer momentum of development dictated by Aberdeen's established reputation as Europe's leading offshore oil centre has maintained its investment attraction for firms looking either directly to oil growth or to the general wealth created in a community at the centre of an unprecedented boom.

Both local and incoming companies have benefited and will continue to do so. While some phases of offshore oil activity may be transitory — notably the building of production platforms and the manufacture of heavy engineering equipment for installation at oil fields — Aberdeen is not deeply involved in that sector of the offshore market.

It is firmly established however, as the service and supply centre and the need for such activities will persist for the next 20 years or more, as long as the fields continue producing. Indeed, even if exploration should open up new areas of discovery off the west coast of Britain, it is reasonable to assume that many of the specialist firms would continue to mount their operations from the bases they have established in the city.

# Aberdeen

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This is the sixth in a series of Special Reports on investment and development centres of the world, which will include Beirut, Caracas, Teheran, Minas Gerais, Singapore, Lagos, Hongkong and Johannesburg. The series will be republished as a booklet available from the Marketing Department, The Times.

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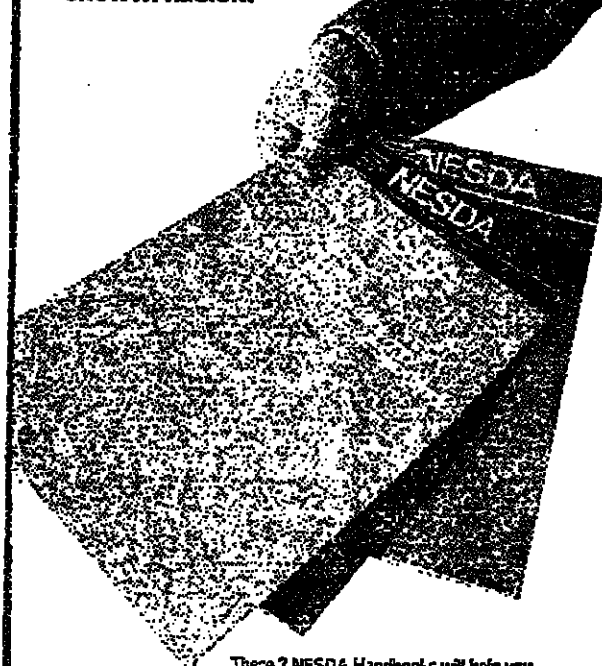
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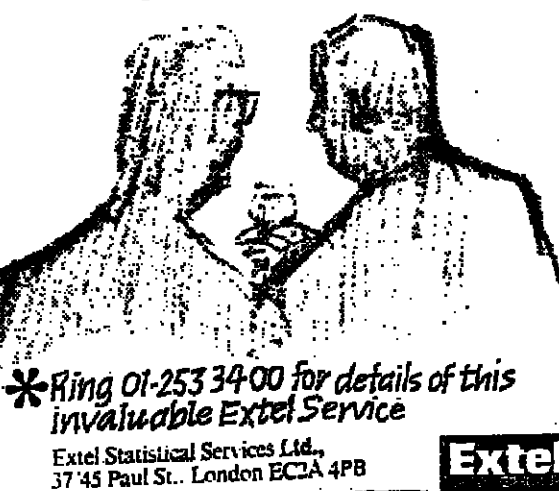


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## Big problems match scale of challenge

by C. G. B. Jordan  
general manager,  
Charterhouse Japhet,  
Scotland

By normal financial criteria, Aberdeen presents a similar picture, in terms of its indigenous industries, to that of many other British coastal cities. It is of mixed economy based largely upon its fishing, farming, timber and marine engineering industries, not capital intensive in an industrial sense and in some cases excessively fragmented.

Inescapably, therefore, the region's future and the outlook for local merchant banking operations are bound up with the North Sea, with its hopes and with its problems. The scale of the challenge is seldom appreciated. Of the Aberdeen population of 200,000 about 100,000 are wage earners, and between 20,000 and 40,000 new jobs will be superimposed by 1981.

The logistical problems are formidable and a merchant banker surveying the investment scene is immediately faced with a fascinating new array of opportunities and risks not apparent elsewhere in the economy.

Although in financial terms the impact of oil is increasingly being felt in other Scottish areas, the proximity of Aberdeen to the oil fields and above all its communications, increasingly render it the oil capital of Scotland. Any Texan oil man in Union Street, if asked his opinion of the future of Aberdeen, will point to Houston and its growth since 1947 as an illustration.

Aberdeen forms the base from which most of the 30 offshore rigs in the United Kingdom sector are supplied and serviced, in some cases by way of forward bases in Shetland, and from which the bulk of the pipeline and platform installation and development drilling programme will be mounted.

The result is the arrival of date of perhaps 250 service companies in the city, many from Texas, Louisiana and Calgary, Norwegian, Dutch and German supply boat operators, French diving contractors, Italian pipelayers and the rest. British industry does feature, but by and large the exploration boom has been largely captured by foreign skills.

However, the local business community with invaluable assistance from bodies such as the North East of Scotland Development Authority, the Scottish Council, and elsewhere, the Highlands and Islands Development Board has risen to the occasion, capturing significant shares of the less advanced oil related markets, and with prominent local companies such as Seaforth Maritime, the John Wood Group and the Aberdeen Service Company is progressively making inroads into more specialist areas.

Moreover there are increasing signs that British companies are succeeding in penetrating the next, much larger, phase to come—the equipping and operation of the production platforms, a market, with the offshore pipelines, worth perhaps £5,000m with perhaps a 50 per cent British share. In merchant banking terms the problems are impressive. Even in local terms, the fixed asset requirements for North Sea operations are large, and a consistent feature of the North Eastern service industry is that of companies, many highly profitable, with an order book increasing at several times the rate of growth of net assets, and becoming increasingly overburdened while striving still to maintain their market share.

A banker preaches caution. But a feature of the boom is the regularity with which companies, already financially overstrained, say that they cannot afford to turn away an additional contract for fear of loss of credibility.

Inevitably, the growth of competition will ultimately change such attitude, towards marginal turnover, but with the average semi-submersible costing \$50 a minute, delivery on time is a matter of religion to the average Santa Fe or Trans-

world company, meaning that there are rich pickings for any young Scottish service manager prepared to be telephoned at home at 3am with an order for instruments to be at Dyce, hellport by 4am.

In financial terms this could mean 100 per cent gross margin and there are many instances of small local companies, pure management situations, with capital employed of, say, between £20,000 and £200,00, who have made themselves indispensable, and who regularly get paid in seven days and pay in 30. The result is large cash balances and even occasionally requests for Stock Exchange advice.

Even an Englishman must admit that the three Scottish clearing banks have emerged with credit, showing a degree of initiative, flexibility and realistic appreciation of risk uncommon elsewhere in Britain, both at home and by their participation in all the major overseas oil exhibitions in Houston, Tulsa, Amsterdam and Stavanger, for instance, as well as in some of the major economic pipeline financing committees.

Since one is faced in Aberdeen not merely with starting up situations (normally unpopular), but with an entirely new economy, there is no substitute for experience. All three of the merchant banks and institutions to establish themselves in Aberdeen, namely Charterhouse Japhet, the Industrial and Commercial Finance Corporation, and Edward Bates and its associates, have long experience in equity investment.

In practice this means that one is frequently faced with a new project with accompanying projections of, say, 50 per cent or 60 per cent compound growth but in all such new capital projects in Aberdeen the banker is obliged to call into question all kinds of assumptions which elsewhere are basic facts which he might take for granted.

A client intends setting up a pipe threading plant in time for the 1976 drilling season: "Your first two contracts, and from Shell at that, ensure you are working, but even if you cannot get 80 skilled men in Aberdeen and have to import them from Glasgow, there is no housing for them. Nor is there spare capacity for a quarter of a warehouse space and there is at best nine months' delivery on the casing."

### Cynical check on cash flow

Under such circumstances one has to examine cynically every item of cash flow to check if the projected discounted cash flow (DCF) really is attainable. For this reason an in-depth knowledge of the industry and its risks becomes increasingly essential.

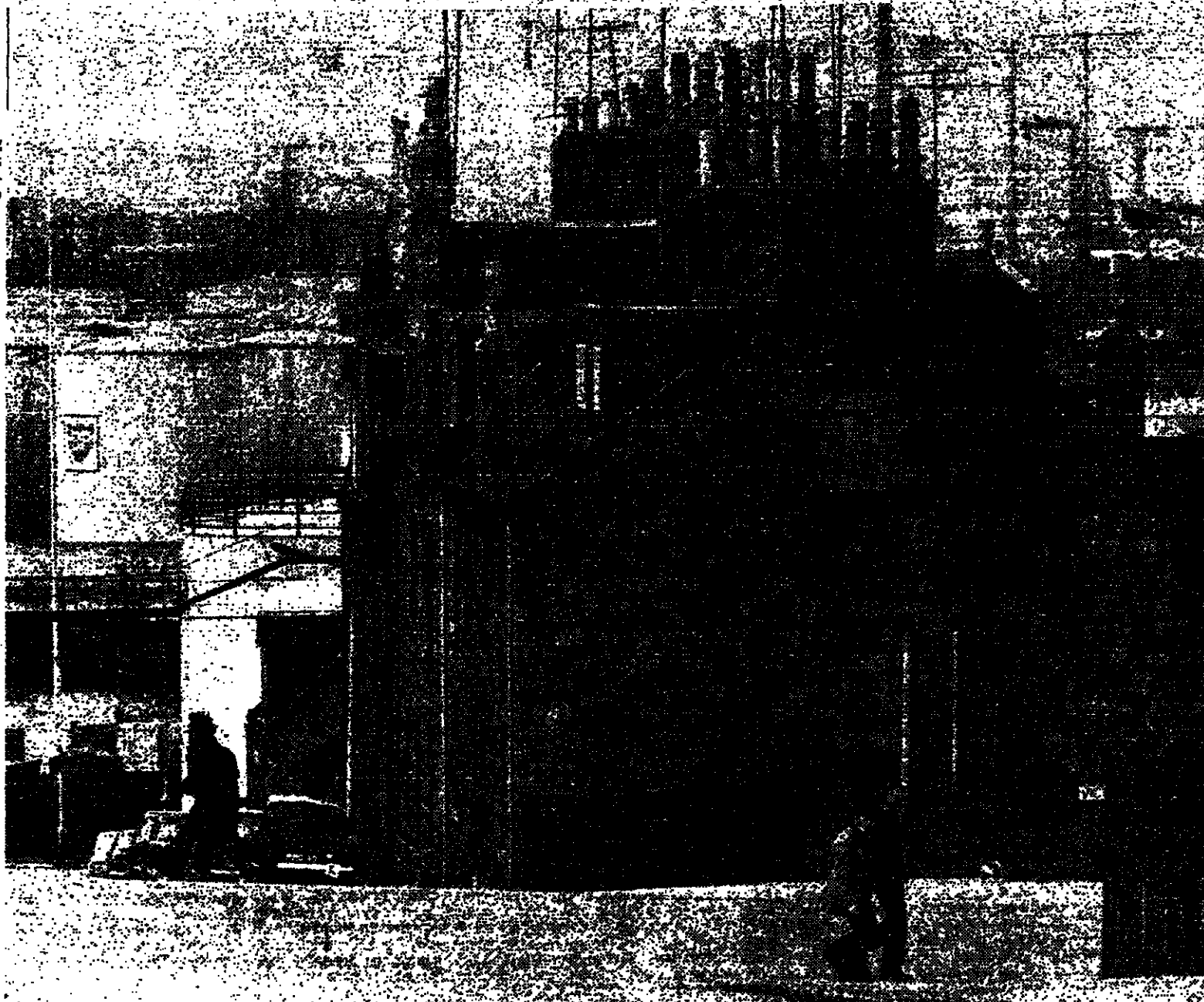
What of the future? Even if new exploration drilling were to be extinguished tomorrow, the enormous cost (over £1,000m) of the oil companies' exploration programmes to date more or less ensure the installation of between 40 and 60 production platforms in the United Kingdom sector by 1981, provided that inflation and political impediments do not reduce the North Sea profitability below the 25 per cent DCF rate of return now regarded by the industry as a cut-off point.

Given that each platform will initially be required to drill between 20 and 35 development wells over a two-year period before production really starts it is not difficult to calculate that demand pressures on the already over-stretched Aberdeen economy will increase at a factor of three or four times for drilling materials alone by 1980.

In addition, merchant banks are offered enticing and much larger prospects in terms of downstream project financing, with civil projects, such as Peterhead already totalling more than £500m and well over £1,000m on, or immediately offshore Shetland, with, in addition, endless opportunities for new export-oriented manufacturing projects.

Above all looms the uncertainty created by a lack of understanding by successive governments, both of the infrastructural needs of the North East and of the realities of the oil industry. Three years after government report, the offshore supplies office is located in Glasgow, the centre of drilling technology in Livingston, the projected British National Oil Corporation in Glasgow.

Meanwhile, in Aberdeen, 20,000 new houses are needed in five years and the present rate of construction, local authority and private, is 2,000 a year. No wonder with local tradesmen earning more than £3 an hour, with four bedroom furnished houses commanding £5,000 a year in rent, with the threat of government participation overhauling the oil industry, that an eminent spokesman for BP has forecast this week a fall in the number of rigs in the British sector from 30 to 20 next year, rather than the earlier forecast of 50 to 60.



## Danger and boredom for £200 a week North Sea men

by Ronald Faux

The coast of the Grampian region has one of the lowest unemployment levels in Britain. In Aberdeen fewer than two workers in every 100 have no job. In the region the rate rises to three in 100. The slight slow-down in the exploration for more oil in the North Sea has eased the pressure on traditional industries.

Winded by the ruthless auction for skilled labour, established companies have had time to recover, and it is clear that several hard facts are now fully understood by the workers who looked for quick riches in the North Sea.

First, it can be hard-earned money. The North Sea is a bitter and often dangerous place to work. The weather is often appalling, boredom when storms shut down activity, and there are consequent spells of very hard work when conditions are fine.

"We have fewer innocents around now. The turnover is rather low and one who comes out here is likely to know what he is in for," one contractor said. The wages for skilled men rise to between £200 and £300 a week, but the same skills onshore are less well rewarded. Offshore and onshore in the oil industry are separated by the same differentials as face and surface work in coal mining.

Before oil, Aberdeen and the North-east were achieving a reasonable stability. Local industry had begun to develop and the drain of able and skilled people from the region had already been halted. The oil industry has grafted some 8,000 jobs and provided more than the entire scale of growth which the North East Scotland Development Authority had been working for.

One group which has branched out from purely traditional activities into North Sea oil service work reports a sharp all-round increase in wage rates. Unions insist that no rate for oil work should be allowed and the feverish pace has already liquidated some labour contracting firms. Staff turnover, once totally static, has begun to move. "For anyone who wants to work and has the ability there is a choice of jobs," a manager said.

The answer is plain: board the bandwagon rather than be knocked down by it. Bill and Hamish Barrack run a long-established family catering firm in Aberdeen which has become the largest oil rig catering supplier in Scotland, servicing the requirements of 17 out of the 26 rigs in the United Kingdom sector of the North Sea. At present the turnover is £1.2m but they are looking to increase this to £7m in three years. This will be partly achieved by a large new cash-and-carry department complex with an expanded range of imported American foods required by the influx of oilmen from the United States.

The city's aim of maintaining a broad spread of industry is often hard to maintain as old firms and industries feel the competition. In Aberdeen, paper mills and fish processing factories have closed down and other works talk of cutting back. The fishing industry is in difficulties with about one quarter of the Aberdeen fleet laid up and, even more serious, many fishermen now man the increasing number of supply and standby vessels.

"We are seeing the results of North Sea oil now. Too many jobs and too few work-

ers; too many operations that would normally have weathered the storm simply sinking," another employer remarked.

For Aberdeen and Peterhead fishing fleets, used to a commercial life of calms and storms, the present crisis is deep and complex. Ironically it follows one of the most prosperous periods in the history of the industry when results were so encouraging that the Government had decided that subsidy was no longer necessary. The oil crisis added £2m to the fuel bill of the Scottish trawler fleet. A hoped-for rise in the price of fish did not materialize, quotas shrank, limits threatened to become more extensive off Norway and European Community policy seemed destined to allow EEC trawlers to scour the British inshore waters. As the referendum result confirmed British membership it also confirmed the suspicions of many that North-east fishermen that

they might be better off looking for work which could have better pay and better conditions.

But for a large range of North-east general service industries engaged in building, construction, civil engineering, transport, plant and car hire, professional services and supply trades the advent of oil has brought a surge of lucrative work and with it more jobs. In the specialist service to the oil industry, too, there are indications that the North-east is winning work which could lead to a permanent establishment long after the present fields in the North Sea have been exploited.

Recently, specialist engineers were required urgently for a sub-sea project in Taiwan. "The company required where the nearest expertise was and the work, which normally would have gone automatically to America, came to us. A small start, but a start," the firm's North-east fishermen that



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CONSULTANT OFFSHORE EXPLORATION



## Focus

Research by Susan Morgan

## Fishing

of demersal fish in the North-east

	1969	1970	1971	1972
1,940,189	1,940,189	1,940,189	1,940,189	1,940,189
228,569	228,569	228,569	228,569	228,569
109,979	109,979	109,979	109,979	109,979
115,800	115,800	115,800	115,800	115,800
87,506	87,506	87,506	87,506	87,506
3,424,829	3,424,829	3,424,829	3,424,829	3,424,829
1,738,553	1,738,553	1,738,553	1,738,553	1,738,553
5,168,881	5,168,881	5,168,881	5,168,881	5,168,881

Percentage of Scottish total

	1969	1970	1971	1972
19.5	19.5	19.5	19.5	19.5
4.5	4.5	4.5	4.5	4.5
2.1	2.1	2.1	2.1	2.1
2.3	2.3	2.3	2.3	2.3
1.5	1.5	1.5	1.5	1.5
70.7	70.7	70.7	70.7	70.7
29.3	29.3	29.3	29.3	29.3
100.0	100.0	100.0	100.0	100.0

Percentage of Scottish total

	1969	1970	1971	1972
19.5	19.5	19.5	19.5	19.5
4.5	4.5	4.5	4.5	4.5
2.1	2.1	2.1	2.1	2.1
2.3	2.3	2.3	2.3	2.3
1.5	1.5	1.5	1.5	1.5
70.7	70.7	70.7	70.7	70.7
29.3	29.3	29.3	29.3	29.3
100.0	100.0	100.0	100.0	100.0

Percentage of Scottish total

	1969	1970	1971	1972
19.5	19.5	19.5	19.5	19.5
4.5	4.5	4.5	4.5	4.5
2.1	2.1	2.1	2.1	2.1
2.3	2.3	2.3	2.3	2.3
1.5	1.5	1.5	1.5	1.5
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2.3	2.3	2.3	2.3	2.3
1.5	1.5	1.5	1.5	1.5
70.7	70.7	70.7	70.7	70.7
29.3	29.3	29.3	29.3	29.3
100.0	100.0	100.0	100.0	100.0

Percentage of Scottish total

## Investments

The rapid increase in costs

makes it difficult to estimate

accurately the amount of

investment in Aberdeen.

but the figure over the next

decade is expected to be

high. Both public and private

funds are being devoted

to development, and

about £120m to £130m is

either being spent or will be

spent on projects in and

around Aberdeen and Peterhead.

Major projects include

about £100m on a

1,320 megawatt oil/gas fired

power station, being built at

Peterhead by the North of

Scotland Hydroelectric

Board, and a £250m investment

by British Gas on a

500-acre site at St Fergus to

provide a land terminal for

natural gas from the North

Sea.

An important ammonia

plant is being developed

near Peterhead by a Swedish

banking consortium.

Other projects around

Peterhead are expected to

cost £20m. About £8m has

been spent on Peterhead

harbour, and a further £1m

to £2m will be spent on the

project.

Aberdeen harbour and

dry docks are expected to

cost about £125m and the

airport and heliport about

£10m. City centre develop-

ment in Aberdeen, includ-

ing office blocks, is

expected to be £30m. In-

built with both public and

private money.

The oil industry is

expected to invest about

£200m in the next 10

years, but there has been

some caution about ex-

panding office blocks, as

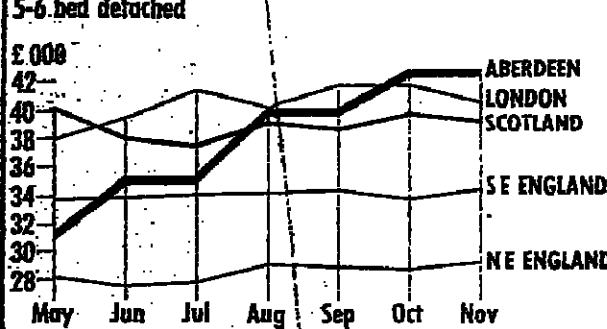
industrial estates have been

sion by oil companies.

## Housing

COMPARISON OF 1974 HOUSE PRICES

5-6 had detached



## Oil industry

Growth of onshore supply services

In Aberdeen and District there are now 235 firms directly

involved in the offshore oil industry; the main categories are:

Oil exploration companies 20

Oil rig operators (excluding Shell and BP) 11

Shipping/marine companies 19

Diving/diving services 14

Specialist services and supply companies 128

General service and supply companies 43

## Graham region

The acute shortage of

housing in general is Aber-

deen's most acute problem.

As a result, workers from

outside, for whom employ-

ment could be found, are

unable to come to the area.

This phenomenon of "job

destruction", as it has been

called in a housing report,

has meant that potential in-

dustrial expansion has been

held up. There are fears

that firms which had

wanted to come to Aber-

deen are now going else-

where.

What is certain is that

planning now is going ahead

fast, and that important in-

dustrial developments are

taking place in the region.

The most dramatic effects

of the North Sea oil boom

are felt in Peterhead and

the firms of Cromarty and

Moray. Aberdeen, clearly

established as the adminis-

trative, service and supply

centre of the North Sea oil

industry, with a population

of about 200,000, is the cap-

ital of the North East. Peter-

head is being rapidly de-

veloped to provide additional

facilities.

The North East of Scot-

land is seen by investors as

one of the most promising

development areas and in-

vestments already run into

hundreds of millions of pounds.

There is, however, some

concern felt by the Scots

that the region from the

Firth of Clyde to the Firth

of Forth is not benefiting as

much as they should from

the oil boom and the subse-

quent developments. They

point out that top oil jobs

are reserved for Americans,

and that these oil firms are

not sufficiently taxed on

their enormous oil revenues.

The high price of houses

in the region is also a

problem, particularly in

Peterhead, where the price

of houses is about £10,000

for a three-bedroom house

with a garage. This is a

high price for a house of

this type and size, and

it is a major factor in

the shortage of housing.

The shortage of housing

is a problem in the

region as a whole, and

it is a major factor in

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## Where curious craft compete for space

Peterhead has yet to discover if it was happy or unhappy chance which made the town the nearest convenient land-fall to big oil and gas fields in the North Sea. The community on this draughty stretch of coastline had already begun to prosper from fishing and a cautious expansion of engineering. Peterhead claims to be Britain's leading inshore port, but fishing boats now compete for space in the Harbour of Refuge with some very curious craft.

Lines of muscular-looking tugs and service vessels form orderly queues snapper to scupper near the eccentric ramps and cranes of a pipe-laying barge. Occasionally a semi-submersible rig will be hauled in for servicing, several thousand tons of ungainly steel, spiky with drill heads and derricks and the new ironwork of the North Sea.

Immediately the Government laid down that North Sea oil should be developed at the greatest speed, Peterhead was launched towards an industrial revolution and some turbulent changes. It is estimated that many of the hundreds of millions of pounds which are to be spent directly and indirectly on developing North Sea oil will pass through Peterhead.

The rows of gloomy stone houses seem hunched against the North Sea wind and the winds of change that are already affecting the town. The price of one of those houses has risen sharply. Land values have rocketed from about £200 an acre a decade ago to a present level of between £40,000 and £50,000 for a prime industrial site. Peterhead folk complain that their local council has been outstripped by land speculators who caught the market at the bottom and now stand to make a fortune.

The surge of development in a quiet and unexcitable part of Scotland has been so rapid that people suspect their local authorities, who naturally lack the technical knowledge of the international companies so suddenly crowding the door, will not be able to cope. One major loss was averted

when British Gas Corporation and Total Oil Marine insisted, on technical criteria alone, on the need to build a terminal for processing gas from the Frigg field on an old airfield north of Peterhead.

The site would have destroyed the Loch of Strathbeg, an area outstanding for its bird and plant life. The Environmental Liaison Group intervened with the county council and an alternative site was allocated at St Fergus. The £70m plan now stands on 500 acres five miles south of the originally planned site and promises to be a catalyst for more petrochemical development in the area.

A public inquiry opened in Peterhead on June 17 into a £50m project to build an ammonia plant on first-class agricultural land at Wellington Place Farm, Peterhead. This has caused considerable local opposition although planning permission has been granted by the Banff and Buchan District Council.

A whisky firm is concerned about the possible effect of even a whiff of raw ammonia on its stored liquor; a foodstuff processing firm has complained. Three local societies and 45 other individuals have also entered strong objections.

The project is a venture by Scanitro, a Scandinavian consortium. Gas from the Frigg field in the Norwegian sector of the North Sea would be piped from St Fergus to the Scanitro plant. After processing, ammonia would be piped to a terminal in Peterhead Harbour of Refuge and taken away on tankers. It is here that the chief fears of disaster lie and the objections argue that it would not be possible to make such an exposed terminal handling lethal material entirely safe.

The other general objections which Peterhead folk have to such developments are the cost to the local authority. "The Government is very specific about giving aid to North Sea oil developments but this Scanitro plan, for example, does

not count. The cost of the infrastructure will be enormous. The ammonia plant alone uses half the amount of water needed for the entire Peterhead area", another local man said.

The Bay of Refuge is a huge natural harbour providing the only deep, sheltered water between Cromarty Firth and the Tay accessible in all weather conditions. For the oil industry it was a natural target for shore-based operations. Less than three years ago an amendment to the Petroleum Act gave the Secretary of State for Scotland the power to undertake development of Peterhead harbour and action began shortly afterwards. The arms protecting the bay were strengthened and at the south side of the harbour below Peterhead, 22 acres of land were reclaimed providing service bays and 1,500ft of quay space.

Beyond the harbour at Boddam, the North of Scotland Hydro-Electric Board is building a £100m power station which will be fired by North Sea oil supplied by tankers of up to 35,000 tons. The terminal will be in the Bay of Refuge and, with adaptation, the same pier could handle the ammonia plant production, yet another pointer towards Peterhead's apparently inevitable path towards becoming a major petrochemical area.

Estimates of the influx of permanent jobs into the area before 1981 approach 6,000 which will create a demand for 3,300 new houses. The development plan is blocked with large areas for new housing, new industry, schools, residential areas and intensive development on the harbour area for directly related oil industry. The Peterhead Bay Management Company was formed to advise the Secretary of State on the development which will represent a threefold increase in the built-up area of Peterhead.

The capital and the highly paid technical jobs are pouring into the town threatening friction and change with the existing population, who often resent having such radical change thrust upon them and fear what it will

do to their rate demands if the Government does not pay more of the costs. "All this may have pushed up the value of my house, but there is no use to me unless I leave, and I have no wish to do that", one Peterhead man said, summing up the feeling of many others.

One of the most thorough looks at what has happened to Peterhead came from the Church of Scotland, whose church and nation committee organized a study of how the town was responding to the demands of North Sea oil and gas.

This pointed out that, in fact, Peterhead had experienced four booms almost simultaneously: fishing, North Sea oil and gas, construction of a major power station which in the building phase employs more than 1,000, and the St Fergus gas terminal development near by.

Shops, pubs and hotels were doing good business and the town had a thriving, bustling atmosphere with background noise from lorries day and night. Scots rubbed shoulders with French, Australians, Dutch, Scandinavians and Americans. The population increased 15 per cent between 1961 and 1971 but will rise even more rapidly now and material comforts and living standards are also rising.

But money in quantity brought its traditional problems: under-age drinking, betting and gambling. "Some prostitution" (as distinct from the age-old sexual exuberance of the North East, which in this way used to compensate for cold days and Calvinism), wheeler-dealing over land and property, strangers, mistrust and envy, the report said. Some doctors were concerned by the increase in unhappiness in many homes, more alcoholism and venereal disease.

The community was paying a price for its industrial prosperity. "It may well be", the church investigators comment, "that the spiritual scars of prosperity will be deeper and more permanent than any physical abuse of the environment."

R.F.

## Ronald Faux, our Scottish Correspondent, looks at four leading figures concerned with Aberdeen's development

### Prominent role in county affairs

Maitland Mackie hates the politics in local government, but has become a patrician figure in the political life of Aberdeenshire. A handful of votes lost him the opportunity of becoming an Independent on the new regional authority and he has retired to the more elegant duties of Lord Lieutenant of Aberdeenshire.

"I'm a farmer, not a military type. I find swords and official hats a bit awkward to cope with, but I think it is a good tradition", he said.

At least the title keeps alive the county name, officially eliminated last month by local government reorganization and, while he may profess a hearty dislike for bringing party politics into local government affairs, few individuals have played a more consistently prominent role in the affairs of his old county.

He was the first farmer in the region to start making slugs, an achievement, he might very add, without any political significance. His farm, 22 miles from Aberdeen, covers 1,100 acres and supports 300 cows, 20,000 hens and 5,000 bacon pigs a year.

His two sons are also in agriculture and his brother, also a farmer, was a Liberal MP. If anyone asks, Maitland Mackie also claims an allegiance to the Liberals, but always tried to keep his party when he was at the county hall.

"It would be better if they did that now. It is not sour grapes, but I am not unhappy to have escaped." The new pattern of local government in the Aberdeenshire area promises a good deal of difficulty and the Government was not helping. A flood of heavy traffic on the region's

roads was badly hammering the system, yet spending had been cut by about one-quarter. The programme to build three schools which could have served as community centres for new housing developments had been reduced from £2.5m to £400,000.

"This means here, functional buildings without any community facilities. More seriously it means that the new housing developments could become replicas of Easterhouse," he said. "Where oil had affected the region, the Government had introduced a mouse of an effort."

Oil tended to seep into and inflame every corner of local government spending, yet the exchequer provided minimal aid only for the directly affected areas.

"It has cost the region £20m over the last five years to buy land to have a housing bank, to increase the water requirement and build the new drains, and the interest on that borrowing has to come out of the rates", he said.

Maitland Mackie has worn a bewildering number of "hats" in his farming and local authority life. He was convenor for five years, vice-convenor for nine years and chairman of the education committee for 15 years.

Outside the county hall he was chairman of the North East Scotland Development Authority and is still chairman of the Peterhead Bay Management Company which advises the Secretary of State for Scotland on the development of the area.

Working with NESDA brought home the full meaning of North Sea oil. "I welcomed it from the start. One can easily get very depressed, but this seemed to be our last chance of salvation. On the whole, I am satisfied with the way it has been directed although I think we were possibly slow to earn a slice of the cake. We had to learn the business and at first our prices were far too high, but I am optimistic it will work out."

### Political hornets' nest

Oil has not been the only force for change in the Aberdeen area recently. On top of the dramatic developments wrought by the industry has come the reorganization of local government in Scotland, the redrawing of boundaries and the creation of the Grampian region. This spreads inland from a prosperous coastline to a rural area which has many of the classic Highland problems.

The chief executive of the new region is John Russell, the former Aberdeenshire county clerk, who has been appointed into what local observers believe could become a political hornets' nest. The region is firmly Conservative-controlled and Tories hold the chairmanship of all major committees. The districts within the region have been won by Labour and there is some political teeth-grinding going on which is not helping John Russell in his job.

The region's greatest fear is a slowing of the house-building programme, the by-product of developing North Sea reserves. Using conventional and unit forms of construction, Aberdeenshire county had stepped up production to a remarkable 2,000 houses a year, requiring for the workers who are to man the new industries associated with oil.

The signs are, however, that the new district authorities responsible for housing are slowing the pace of development. "I fully understand the reason", John Russell said, "Costs are rising appallingly but I sincerely believe it is the wrong approach to the problem. By slowing down the house-building and reducing the programme they are effectively slowing down the development of the resource which Britain needs urgently."

John Russell also sees the work of many years in the old county authority being

disrupted, and believes that government must be called in. "The Government has failed to understand the financial impact of North Sea oil on such areas as this. The burden on the rates is extremely heavy. The Government did provide £25m in rate support grant to help areas affected by North Sea oil. Aberdeen in theory had £500,000 of this money but after adjustments and what have you, the net result was that Aberdeen was worse off."

The other logical result of paying for oil-related development, on top of the increases caused by inflation, would be heavier rate demands to pay for the extra homes and industry. He looked back 10 years to when Aberdeen's economy was in the doldrums and families were drifting away from the city.

Five years ago came signs of revival in the traditional industries, with local firms generating a new prosperity. "Now we have oil which has virtually halted all local migration and eliminated unemployment in the city area." But he is anxious to pin down the permanent aspects of the oil industry, to ensure that the region develops skills which it can in turn export.

John Russell also sees the work of many years in the old county authority being

### From chips to hotels and lathes

When oilmen began coming to his hotel in the centre of Peterhead in the earliest days of the oil boom, Ronnie Ferrari noted their incredulity that no one was providing the engineering services which were desperately needed.

"I had already started buying bits of land because I didn't enjoy the way pound-notes seemed to be shrinking, and it dawned upon me that this oil thing was going to be bigger than anyone was dreaming", he said. (Now the former assistant in his father's chip shop is partner in an engineering firm employing 28 and earning £25,000 a month.)

His two hotels are permanently full, usually booked out by oil engineers, divers, riggers and roustabouts on their way from Peterhead to the state-of-the-art drilling platforms probing the North Sea. When the exploration phase ends his hotels and lathes will still be in demand by the production platforms pumping the oil to the shore and surface.

Ferrari, a 42-year-old bachelor, is a man of irrepressible enthusiasm. His manner is gently eccentric. He still hates the way his pound notes are shrinking but at least has considerably more of them to shrink than in the chip shop days.

"Come for a ride in my ice cream van", he commands, and a 4-wheeled big Ferrari sports car. The machine grows at knee height through the narrow streets of Peterhead.

He points to a large chunk of the town centre and declares: "I have all that lot, a frontage bigger than Woolworth's. It's better than shrinking pounds. See that lot there? I could have bought that for peanuts 10 years ago, now you would have to pay large numbers of gold bars for a plot. The old town has not changed dramatically yet, but the background has beyond recognition."

He hopes to add a fabrication works to the engineering business later this month and is firmly convinced that the boom has hardly started. "People

won't believe it but there are fortunes still to be made. They can't conceive the amount of money that is going to pour into this stretch of coastline in the next few years. The water's not only warm, it's deliciously hot and they still don't want to jump in."

The walls of his office in the Caledonian Hotel are plastered with press cuttings about himself and the story of the Peterhead boom. The one he likes best is a long analysis of the part small operators can play in the North Sea development. He can identify with that because he believes the local businessman who can provide the goods to price and time, even though he may not know exactly what the goods are for, will prosper even to so vast an enterprise as North Sea oil.

Other cuttings present Ferrari dramatically as the North Sea's first self-made millionaire. Was this true? Did he look like a millionaire? He replied non-committally, shuffling an untidy heap of papers across his desk.

He has gone into art investment and his most notable hedge against inflation so far has been a magnificent representation of the "Last Supper" by Bruno Merli.

### When the oil runs out

Ian Wood has presided over the remarkable and explosive growth of the John Wood Group (Aberdeen) into the biggest private diversified industrial group in north-east Scotland. It is now in its third generation of flourishing family control, operates more than 50 trading companies and covers a wide range of activities with an annual turnover in excess of £15m.

North Sea oil has been a bonus to the company which was already well launched on a policy of judicious takeovers when the new industry arrived in Aberdeen.

Ian Wood, aged 32, an honours graduate in psychology at Aberdeen University, joined the company of which his father is still chairman with some radical ideas and no overwhelming wish to remain in the family business. Perhaps oil and the flamboyant American way of doing business, so foreign to the staid Aberdeen modes operandi, intrigued him enough for him to stay.

"Certainly when the oil companies came here wanting our land and offering high prices, we were not interested in selling. If it was worth that much to them, it was worth even more to us", he said.

He began steering the group, which has interests in trawling, fish processing, ship repairing, heavy engineering, building construction and oil distribution, towards the oil boom as soon as he saw the interest the Americans were taking.

"It has been a large scale growth", he said. "In the past two years 75 per cent of our capital expenditure has been oil-related to create new facilities and 40 per cent of the company's turnover is now in North Sea oil."

This has meant that at last the firm grip which American companies had on the lucrative supply services to drilling rigs operating in the North Sea has been relaxed. American



competition he describes as fierce but fair.

"If a fishing industry started up in Texas we would do the same, and we would not hand over the expertise free of charge either", he added.

Ian Wood is tall, powerfully built and a former rugby player. His training has been informal, psychology and self-taught accountancy. "Perhaps that was enough. We started to grow and it is arguable that if North Sea oil had not come along we would possibly have grown much bigger. We were pretty go-ahead—100 employees in 1964 and 1,000 in 1970. But there was no competition; now there is and it has been created by North Sea oil."

The Wood Group now spreads on both sides of the industrial fence in Aberdeen and there is no doubt which side is the greenest. The traditional industries of fishing, ship building and fish processing are running into major problems on several counts, not least the spiralling wages bill caused principally by competition for a limited skilled labour market.

"I don't believe that traditional industry has any sacred, priority right of survival because of a romantic feeling that we must protect our heritage. But it has sustained our growth for many years and when the oil industry departs we will be left to fight for survival. We should be planning that fight now", he said.

## ABERDEEN—Europe's offshore capital is developing fast.

The development of new technologies brought by oil exploration and exploitation; the acquisition of new skills to add to those of the traditional industries; and the availability of development sites make Aberdeen an exciting City in which to invest.

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Enquiries will be welcomed by Mr. Edward A. McDaid, Public Relations Officer, St. Nicholas House, Aberdeen, AB9 1DE (Telephone 0224-23456 Telex 73366).



City of Aberdeen

## United States Steel International in Aberdeen...

### OILWELL and other products to meet your expanding needs

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"How much of a muckle will a mickle mak in Aberdeen?" The Times asked, incomprehensibly, recently.

There is no answer to that question. In Aberdeen they are simply saying "It's a whole new ball game."

In April 1971 unemployment in the Aberdeen area was 3.8%. In May 1975 it was down to 1.6% against 3.7% for the UK and 4.5% for Scotland.

Letters handled by the GPO in the past three years have gone up by about 3% overall. In Aberdeen there has been a 14% increase.

Between 1973-1974 passenger traffic through British airports fell off. At Aberdeen Airport there was an increase of more than 50% in 1973 and 1974.

All this is to do with oil, which has meant more people, more jobs, more spending power and big purchasing decisions in the North of Scotland.

There is only one certain way of reaching this unique growth market. The Press and Journal, published out of Aberdeen, dominates the morning newspaper field in the oil and related area with the record ABC of 110,837 in 1974, a readership penetration of 68% among all adults in the North of Scotland, which is more than all other morning newspapers put together.

The Evening Express also recorded its best ABC figure for a decade last year and enjoys a household penetration of 83% in Aberdeen, the shopping centre for the oilmen, their wives and most other people in the area. They have another saying in Aberdeen: "Facts are chieftains that winna ding."

To find out what that means, ring: Bob Gerbert in London—01-387 2800  
Ken Robb—The Press and Journal, Aberdeen—0224-40222  
Roy Johnston—Evening Express, Aberdeen—0224-40222

The PRESS and JOURNAL  
ABERDEEN





To a large number of Ulster Unionists, democratic government means majority rule. To the two main parties at Westminster, democratic government has come to mean the governing of minorities. If the support of a majority were the only test, then the Unionists in Ulster have always had, and still retain, a far stronger claim to be "democratic" than any party in Westminster has had for a very long time. But a free society with democratic government implies more than majority rule, and the Unionists need to be reminded that this is so. We in Great Britain, need to be reminded, however, that democratic government requires something better than rule by alternating minorities. Perhaps if we were a little less self-satisfied and less given to applying double standards, we should make more progress in our approach to Northern Ireland. What is no less important, we might begin to set our own house in order.

Yours faithfully,  
THOMAS WILSON,  
All Souls College,  
Oxford.  
June 18.















BY THE FINANCIAL EDITOR

## The market waits on events

re a warning a couple of weeks back that the market was in for a fairly long time short-term, and so proving. While some in the City remain (at least half) convinced that equities should be good two-way bet given apparent choice of runaway inflation or severe government measures to put our economic machine in order, yesterday's rally in the City seems to have been a kind of argument as to whether the City is looking for a counter-inflationary policy that recognises the fact of the corporate sector as a concept that hardly can be served by suggestion of a price freeze. Hence, yesterday's rally was led by those sectors closely linked to the price index.

at how much one should expect a fall in the price of a share of £5,000 is another matter, there seems little prospect much cheer for the market. It is clear that the social sector is the one most emerging from the present rite discussions is going to be considerably more realistic than its predecessor, who is going to bet on

### Giltspur Engineering into the red

No one could call Giltspur's 1974-75 performance good; but given the fact that the group operates on one expected to be. As it is the real damage has been confined to the engineering division, which went into the red by £19,000 in the second half after a modest improvement at half time; and that in part reflected write-offs on contract work after the introduction of new management. Profits performance in the engineering division was down in the context of "doubled" turnover, but through margins were negligible, the motor side held up remarkably well with some gain second-half profits, thanks in part to a stable performance by the commercial vehicle side. And the international freight and transportation business did well, with sales profits coming up from £1,000 to £1,200.

This time round the engineering division should be back into the black, and Expo profitability should increase too as the benefits of last year's capital spending work through. None of this will be fully reflected in the first-half figures, which may, moreover, be the worse for an increased interest charge as Giltspur finances working capital requirements, now more or less paid to the bone, out of bank facilities.

Last year interest charges were reduced from £1,030 to £874,000; but that reflected a big cash injection at the end of the preceding year upon sale of the J. Coral holdings, and end-year borrowings were in fact higher. However, Giltspur has trimmed its capital spending for the current year down to modest proportions and—partly aided by asset realisations as part of a long-term programme for eliminating the less profitable parts of the group—borrowings should be on the way down by the end of the year. Meantime the shares are yielding an attractive 7.1 per cent at 47p.

**Final: 1974-75 (1973-74)**  
Capitalization £8.58m  
Sales £46.14m (£35.22m)  
Pre-tax profits £2.96m (£2.26m)  
Earnings per share 5.6p (5.8p)  
Dividend gross 3.35p (2.99p)

home the overall level of less hardly likely to be as much, but the group will manage some cost reduction through trimming its van fleet by more than 100 units from last year's 2,200, also by cutting back at the end. Not that this, or the curiously good deals that the group is currently able to strike the motor manufacturers, is to mean any cutback in capital spending, requiring given buying prices going over 40 per cent a year ago.

short borrowings, which at £1.5m in 1974-75, look set to rise further, with GD arguing that second-hand cars can be considered

But, as the year progressed, it was the United Kingdom which took up the running thanks to an easing of price restraints—though there was continuing progress in agricultural chemicals. This was particularly so with herbicides, which now account for about a fifth of group turnover with particular penetration into the major cereal growing countries. And if the plastics and industrial chemicals have seen a downturn in volume, prices have been less affected than during earlier recessions due to production cutbacks by the international majors.

Lankro ended the year with pre-tax profits jumping from £1.41m to £2.93m, or £3.44m after allowing for the pension fund. But it is the drop in capacity utilisation from the overall 80 per cent of last year to the current 70 per cent which is becoming the dominant factor, pointing to a decline in profits in the current year to around the £2m level.

At 97p, the yield of 5 1/2 per cent is not particularly attractive while any potential bidder would have to win the good will of both Shell with 19 per cent of the equity and family interests with a further 40 per cent.

**Final: 1974-75 (1973-74)**  
Capitalization £4.69m  
Sales £40.2m (£24.0m)  
Pre-tax profits £2.93m (£1.41m)  
Earnings per share 28.5p (14.1p)  
Dividend gross 5.37p (4.77p)

N. Greening Raising the stakes

Now that Johnson & Firth Brown has lifted its bid for the £100m and wire mesh manufacturer N. Greening—whose board is still opposing the J. & F.B. advances—quality of earnings is the decisive factor for shareholders. The new offer of three JFB shares for every five of Greening—values the latter at just over 26p on JFB's 47p closing price yesterday.

That is fractionally ahead of Greening's 27p closing price last night; and on the forecast distribution on each side there is now an income benefit on acceptance too—of just over 6 per cent gross.

Of itself, that is not enough to be a decisive factor. So the offer becomes a question of JFB's fast growth and high gearing against Greening's solid record and sound balance sheet. The closing date has been extended to July 7, so shareholders need be in no hurry to make up their minds.

**Daniel Doncaster Double your money**

After last year's dramatic recovery when earnings moved up from 3.5p a share to 12.8p, Daniel Doncaster's shares were looking cheap at just under 50p. Now there is the bid from Inco at 101p, and unless Doncaster is going to pour cold water on what looked like a promising start to 1975-76, this is still not a particularly attractive price.

Doncaster shareholders would go out at just under eight times earnings. Once again, this is a specialist British engineer—and they really do not grow on trees which is being picked off. Doncaster shareholders may stop to think that SKF and Thorn, for instance, are prepared to pay out much more generously for Sheffield Twist Drill. On the other hand, they are being asked to leave in the pre-bid price, and those sort of opportunities do not grow on trees either these days.

**Final: 1974-75 (1973-74)**  
Capitalization £8.58m  
Sales £46.14m (£35.22m)  
Pre-tax profits £2.96m (£2.26m)  
Earnings per share 5.6p (5.8p)  
Dividend gross 3.35p (2.99p)

### Lankro Lower profits in prospect

A decision taken two or three years ago to reduce the dependence upon bulk chemicals and expand the specialty side has stood Lankro Chemicals in good stead during a year of contrasts in 1974-75. The first half opened particularly well on the export side as what seemed a seller's market for leave-in-resin pre-tax profits over 34 times ahead after adding back the pension fund top-up.

Ronald Kershaw looks at arguments for taking the headquarters of some large organizations out of London

## Moving office staff to where the action is



The huge Park Hill development at Sheffield: important National Coal Board departments are situated in the City.

including finance houses which in turn produce confidence among industry in the region.

A second benefit is that increased professional and commercial activity helps to offset overweighed manufacturing industry in the region.

Production units do not generate high quality financial and high quality service activity. Local merchant banks are not consulted. Production units do not supply jobs for bright youngsters who are forced to emigrate and trade cycles make job opportunities go up and down like a yo-yo.

The sad lack of office jobs in the assisted areas was highlighted by various regions last year in the run-up period to the disclosure by Mr Edward Short, leader of the House of government plans to move some 31,000 Civil Service jobs from London to the regions.

The North-East, Scotland and Merseyside did reasonably well out of the deal but so far all that has gone to Yorkshire and Humberside is 850 Inland Revenue jobs and a faint hope that the Manpower Services Commission and the Health and Safety Commission might go to Sheffield.

Opponents of the move to have the NUM headquarters brought to Yorkshire might well argue that one of the main functions of the union is a constant dialogue with the National Coal Board, with its headquarters at Hobart House in London. Mr Scargill's answer to that is to bring the Coal Board to Yorkshire.

It may come as a surprise to some that more people are employed by the Coal Board in Yorkshire than in London. The national purchasing and stores department of the NCB responsible for buying £300m worth of equipment a year is at Doncaster. A fair number of specialist mining engineers and their staff are there.

Sheffield is the headquarters for England and Wales of the miners' pensions and insurance branch and the massive pneumoconiosis payout is being administered from there. In all about 1,100 people are employed at Sheffield and Doncaster.

Lips quiver and limbs tremble at Hobart House when suggestions are made of a move north. They have even coined a term for it—being "Doncastreated" with all that

that implies. Public relations, finance, marketing, North Sea oil activities, staff, industrial relations and international departments are just a few of those remaining in London.

One appreciates that parliamentary, international and commercial links such as the investment branch must be maintained near Whitehall and the City, but for many other activities, the shortening of lines of communications must make for increased efficiency.

Another annualized undertaking, the British Steel Corporation, while itself in the midst of internal reorganization, is giving serious attention to the possibility of uprooting itself from its three or four London addresses and transferring its headquarters to less costly and obviously more pleasant regional surroundings. And it is organized into divisions which, by the very nature of the industry, must pay scant attention to geography.

The divisional headquarters of the general steels division, for instance, is in Glasgow, where it is admitted there are a few iron, steel and engineering plants, while present and planned large steelmaking

complexes are at Scunthorpe and Teesside.

The strip mills division has headquarters in Wales, the special steels division is at Sheffield and the tubes division is at Corby, Northants.

About 2,000 staff are employed by the ESC at its offices at Grosvenor Place, Gower Street, Euston and Croydon. A substantial number of these supply what might be termed "back-up" services to divisional activities. It is felt in some quarters that those who supply these services might well be more efficiently employed nearer their divisions.

At the same time it is recognized that there are certain activities which essentially must remain in London—again ministerial, international and some commercial departments.

One can point to a number of commercial concerns who have moved into headquarters in Yorkshire and Humberside. Reckitt & Colman spring to mind as people who have not only lifted headquarters staff north to Hull, but have also moved their entire household and toiletries manufacturing division from Chiswick, London, to Hull.

The company's pharmaceuticals division which has a turnover of more than £10m in the United Kingdom exports from Hull more than £3m of goods annually. From a trade union point of view, it might be worth considering that Leeds has a more than fair share of clothing manufacturers in its area and that the National Union of Tailors and Garment Workers might be closer in touch with grass roots membership if it left its Milton Keynes home for the broad acres of Yorkshire or even Lancashire where opportunities to expand the union's membership abound.

## Natural resources: the priority for western research

nuclear field and genetic engineering.

This sense of confusion in an already uncertain climate could have serious consequences for the whole world because the \$32,000m spent on research and development by the 17 OECD member countries chiefly concerned with science and technology in 1973 represent well over 75 per cent of all the research and development carried out on the planet (\$20,000m of that sum was spent by the United States alone).

The basic task in practical terms of the ministers will be to seek to identify some of the chief scientific and technological problems on which science and technology could make a quantitative and qualitative contribution and then go back and make a convergent effort within their governments to ensure that both the funds and the skilled personnel will be made available to carry out this R and D.

With the creation of the International Energy Agency among OECD members, realism suggests that energy will be the main field of effort. While since 1972 defence research had continued high among the leading countries, with no signs of dropping back, the first OECD statistics available already after the 1973 energy crisis, and particularly in the United States, R and D on nuclear and non-nuclear energy has already been stepped up, with a lowering in socially-oriented research.

But it is here that the ministers could make one of their key contributions, looking to the longer term and always assuming they have the political "clout" back home. (One of the papers prepared for them recalled precisely the "Report of the Three Wise Men to European Governments which gave eloquent warning of the need to correct

the overdependence on Middle East oil.)

Science and technology have urgently to make two contributions. With the political will now generated, R and D will go ahead in the traditional way, seeking to diversify the West's energy and other natural resources, though in the context of a world changed

**A meeting of the OECD ministers responsible for science and technology opens in Paris today**

through higher prices and now seeking more to conserve them. But the new task will be to promote basic understanding of the natural resources system itself, which is of great complexity and, experts say, about as little researched and under-

stood as chemistry in the eighteenth century.

The feedback from this better understanding should then be in formulating a coordinated resources policy for governments.

As this research will also be into a vast field, international coordination of national programmes, at least among OECD members, is essential. An overall common natural resources management policy is the goal, but here both problems of different national interests and of the market rivalries of the national (but often multinational) companies who conduct and implement much of the R and D soberly limit expectations.

The developing countries evidently must be brought in and science and technology should increasingly be the industrial countries' chief advantage in negotiations. But the OECD experts give warning against crudely exporting western technologies, like the "green

revolution". Only greater rearmament in the "third world" towards the West will result, unless genuine adaptation to their needs takes place, they say.

The ministers, as politicians, will also be considering ways to gauge the public response and so help break down resistance to change. Two precise proposals are before them to encourage more public confidence about modern scientific advances.

One is an "early warning system" to alert on the social advantages and disadvantages of important technological changes; the second is the creation of independent centres of scientific and technological expertise (which could be in the universities), again to improve the technical level of public discussion and dispel suspicion of governments so characteristic in many countries of the nuclear power programme debate.

Richard Wigg

## Business Diary: Trusting in providence • Chrysler's imports

Churchill didn't become a Minister to preside over liquidation of the Empire. Grant has been the man of Ecclesiastical Insurance Office to see the evidence of some churches sounding the increasing tides of fire and theft. Grant recently took over as man of RIO on the death of William Mullens, the Government Broker, who joined the office as clerk 46 years ago, is first in line to have become man in the office's 87-year

change in policy may something to do with it's melancholy duty in

uncertainty that the society had underwriting loss of £271,720 in the first in its history. Its arrival coincides with the duction of averaging as in the office's main of business, the insurance churches. Henceforth, parochial church councils will not be able to get away with their places of worship a fraction of their present while making extremely date claims in the event misfortune. Payment will be linked to the relation between insured and actual

the office was established in by churchmen who to see the profits from ch insurance kept "in the cess". It is a non-mutual stock company and this will be distributing about 000 under covenant.

problems faced by Grant, his board—which includes Cartwright, the Bishop of south and Martin Sullivan



Ecclesiastical Insurance's Grant yesterday: parochial church council.

the Dean of St Paul's are simple if intractable. Claims from churches in respect of fire and theft, both increasingly common and expensive, rose by a quarter to about £4m last year. At the same time, there are churches which haven't revised their cover since the 1950s.

Ten or 15 years ago, says Grant, it wasn't the done thing to rob a church. Today, thefts—particularly of roofing lead—have reached such a pitch that some premiums have been increased to restore some kind of balance.

### Driving forces

In the middle of their latest shutdown threat, Chrysler have further strengthened the already large North American

influence in the management of their headpressed British subsidiary. Franklin M. Rogers, 51, the American president of Chrysler France for the past two years, becomes deputy managing director, Chrysler UK, and Gordon Pfeiffer, the Canadian deputy managing director, of Chrysler's South African company, replaces an Englishman as its head of sales and marketing in Britain.

Home-grown talent is, however, recognized in the promotion of Peter Griffiths, 52, director of industrial relations and personnel. He will share the duties of deputy managing director with Rogers.

Don Lander, the Canadian managing director of Chrysler UK, has been under intolerable pressure for some time now. Besides trying to control the day-to-day running of the company

### Seat unrest

The recent Appeal Court decision endorsing airline overbooking annoyed a lot of business travellers. However, the matter isn't being allowed to rest there.

Lady Burton of Coventry, a campaigner for air passengers' rights, has three questions down for answer in the Lords today in which she presses the Government to amend the Trade Description Act of 1968 to cover overbooking—the practice of selling seats twice over, followed by almost every airline in the world.

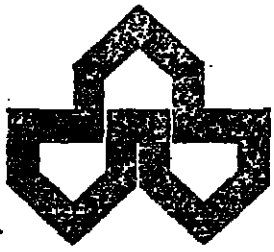
The airline's case is that they are justified in allowing seats to be sold because so many potential travellers—and particularly businessmen—make "insurance" bookings on anything up to three flights, leaving two seats empty after making a late, final decision which flight is most convenient for them. The airlines have been encouraged in the practice by the Appeal Court decision which upheld British Airways in a case where they had sold a customer a seat to Bermuda and then told him all the seats were full when he arrived at the airport.

Coincidentally, the Trade Description Act is at present up for review, with a consultative document expected by the end of this year, so the time seems ripe for serious protests to be entered.

The business community should be warned, however, that if the airlines are made to stop overbooking they will push hard for permission to charge seat reservation fees. Their argument is that the only way you can be sure of a seat on British Rail even after buying your ticket is by paying such a fee, so why should they not join the club?



GENERAL BUILDING AND PUBLIC WORKS CONTRACTORS—ELLSMERE PORT



**Thomas Warrington & sons Ltd**

**Satisfactory Results in a Difficult Year**

The Annual General Meeting of the company will be held on July 16 at Chester. The following points are from the statement by Mr. Brian Warrington, Chairman and Managing Director, circulated to shareholders:

**RESULTS & DIVIDEND**—The profit for the year ended 31 December, 1974, before tax, was £204,551 (£281,953). The Directors recommend a final dividend of 1.7175p per share which, together with the interim and associated tax credits, is equivalent to 4.3793p per share (4.2262p). Although it is disappointing to show a reduction in profits, I am satisfied with the results produced under the prevailing circumstances.

**CONTRACTING**—Despite increased costs and difficult conditions during the year, I consider the results from contracting to be reasonable. Although the overall volume of work available to the industry is still falling, we have been fortunate in obtaining more contracts than we had hoped for in the early part of 1975 and I am pleased to report that this side of the company is very busy.

**PRIVATE HOUSING**—House sales were poor and profits from this section were lower than the previous year. At the time of writing my report, sales have improved although I feel this will be only temporary. However, we are fortunate in having a good land bank, which was bought at sensible prices, and this will be an advantage to us in the future.

**PROPERTY**—We have a considerable amount of land for industrial use, which we will develop when we consider the time is favourable.

**FUTURE PROSPECTS**—We are planning very carefully for the future and efficiency is being improved. Particular attention is being paid to cash flow and liquidity, and bank borrowing at the date of writing this report is lower at £588,888.

We have a very good management team throughout the company, who are all working very hard indeed. Despite the discouraging conditions within the country and the problems the building industry is experiencing I consider we are in a good position to enable us to come through this difficult time successfully.

If we are able to maintain the workload in contracting, together with the improvement in house sales, I am expecting profits to improve in 1975.

**HONGKONG (Selangor) RUBBER**  
**MR. ADDINSELL'S STATEMENT**

The Sixty-third Annual General Meeting of Hongkong (Selangor) Rubber, Limited, was held on June 23 in London, Mr. J. Addinsell, the Chairman, presiding.

The following is an extract from his circulated statement:—

Crop for 1974 was 17,812 kg, short of the estimate of 319,000 kg, due to a loss of tapping for seven days imposed by the Malaysian Government in December, in an attempt to boost rubber prices, also to adverse weather conditions. The company benefited from the higher rubber prices in force in the first half of the year and as a result the net proceeds averaged 28.53p per kg, compared with 25.72p per kg in 1973. Costs increased substantially and this together with the lower crop resulted in a reduction of £13,325 in the surplus on rubber operations.

The profit before taxation of Hongkong Rubber, excluding the associated company, amounted to £25,670 which compares with £37,945 for the previous year. When, however, the share of the associated company's profits is taken into account the figure increases to £59,067 against £48,272 for 1973. The profit after taxation is £25,504 an improvement of £9,556 on the previous year. The method of preparing the accounts is in accordance with approved accounting practice but, so far as the cash position of the company is concerned, only the dividend of £5,362 received from the associated company can be taken into account and this dividend is limited by the U.K. Government's counter-inflation legislation. This affects the dividend which Hongkong Rubber can pay and the Board are recommending a final dividend of 3.4125p per share net which, with the interim of 0.5025p paid on 29th January 1975, will make a total of 3.9150p compared with 4.0425p for 1973.

In December 1974, apart from the loss of tapping for seven days imposed during that month, various other measures were introduced in the rubber industry, including a ban on tapping for seven days in January 1975 and a ban on the use of stimulants. The result is that crop for the first four months of the current year amounted to 75,070 kg, as against 97,068 kg, for the same period in 1974. The ban on the use of stimulants is a serious matter for the company and is bound to have an adverse effect in crops for the remainder of the year. Unless there is a marked improvement in rubber prices, shareholders will therefore, readily appreciate that profit for 1975 will be much lower.

The Report was adopted.

Agents and Secretaries: Harrisons & Crosthed, Limited.

**THE LONDON AND PROVINCIAL TRUST LIMITED**

Secretary—Fleming & Murray

Three year summary of results	1973	1974	1975
Year ended 31st March	1973	1974	1975
Total income (£'000)	978	1,302	1,446
Earnings per Ordinary share	1.99p	2.47p	2.47p
Dividend per Ordinary share	1.73p	2.25p	2.40p
Gross Assets (less current liabilities) (£'000)	38,595	29,232	30,364
Net Asset Value per Ordinary share	119p	85p	92p

The twenty largest holdings, detailed in the Report and Accounts, equal 24.33 per cent. of the portfolio.

In his statement, the chairman, LORD WYFOLD, said: "We hope that for the current year we shall be able to maintain the Ordinary dividend at its present rate of 2.40 pence per share."

Copies of the Accounts are available from the Registrars 95 Southwark Street, London SE1 0JB.

**LONDON AND HOLYROOD TRUST LIMITED**

Secretary—Fleming & Murray

Three year summary of results	1973	1974	1975
Year ended 31st March	1973	1974	1975
Total income (£'000)	784	1,035	1,080
Earnings per Ordinary share	2.10p	2.57p	2.55p
Dividend per Ordinary share	1.87p	2.45p	2.55p
Gross Assets (less current liabilities) (£'000)	30,638	21,958	22,221
Net Asset Value per Ordinary share	127p	88p	92p

The twenty largest holdings, detailed in the Report and Accounts, equals 25.81 per cent. of the portfolio.

MR. DAVID DONALD, in his chairman's review, said: "We shall at least maintain the Ordinary share dividend at its current rate of 2.55 pence per share."

Copies of the Accounts are available from the Registrars 95 Southwark Street, London SE1 0JB.

**FINANCIAL NEWS AND MARKET REPORTS**

**Stock markets**  
**Equities plunge on new fears on economy**

Both consumer and industrial share prices took a sharp knock yesterday on reports that the leader of the transport workers' union will call for a prices freeze as part of the new pay policy to be negotiated this week by Government and industry. The City's sense of urgency towards anti-inflation policies was strengthened by the Chancellor's warning of a six-week deadline for the pay talks.

The day opened with a mark down in leading shares, as the jobbers caught up with some selling orders which had appeared late on Friday, and then a more determined plunge downwards as fresh sellers appeared. Selling was not heavy, and shares attempted to steady at one time. But a weak opening on Wall Street put an end to chances of a rally in London.

The FT index shed 15 points to 318.8, its lowest level since early in April.

Gifts were again rather quiet, but there were more price movements than towards the end of last week. Interest centred on the longer end, but dealers said there were no special influences and cited the background of growing recession as the main support.

"Shirts" slipped back 1-16 point early in the morning, regained the loss, but then eased a shade towards the close to end up 1-16 or 1-32 point lower where changed. "Longs" were generally 1 point up.

To some extent, yesterday's fall in the equity market represented the culmination of nervousness regarding prospects for the anti-inflation battle which has been gathering pace in the market for some time. Dealers commented yesterday that the total of 4,845 recorded bargains was hardly that of a viable market. The amplified figures for Friday disclose a money value of £50m for equity trading, which is well below that of bull market days.

But the trade union call for a prices freeze was hard on shares on the consumer sector where investment circulars from the stockbrokers have been hinting at the effects on core profits of any curbs on prices or domestic spending. The same fears cut into brewery and food shares.

On the heavy industrial pitches, selling was concentrated on the market leaders, which came back by several pence each. The market was probably more disturbed by the withdrawal of buyers than by selling pressure. Some bull positions were built up ahead of the outcome of the EEC referendum, and share prices have looked precarious since that date.

The initial selling hit such shares as Marks & Spencer, which has also been the subject of these circulars, from within the market. Shares in Marks fell 8p to 209p, during the morning, and could make no recovery for the rest of the session. Boots, whose annual meeting takes place on July 17 shed 2 1/2p.

Great Universal Stores "A" shares lost 1 1/2p to 170p, and others to weaken included Debenhams, 6p down to 70p and John Gorton, 1p down to 38p.

Also lower on the consumer side were brewery shares. Allied Breweries (66p) lost 2p ahead of this week's trading statement. Bass Charrington were up of 9p, but Whitebread steadied at 113p, with the market more interested in the progress of the offer for Long John International than with the trading outlook.

But market investors took the opportunity for some profit-taking among the industrialists. Distillers, favoured because of their high overseas earnings content, lost 10p to 130p, and Bats, also an export favourite, dipped 11p to 215p. Imperial Group (69p) and Rothmans International (23 1/2p) suffered smaller losses.

A notable weak spot was Glaxo Holdings. The shares, which have fallen by around one fifth since the announcement of a substantial rights issue, got a mixed reception from the City, fell a further 17p to 348p yesterday.

Also unhappy were ICI, which faced important wage negotiations. The shares ended the day with a loss of 11p at 272p. Shares in Courtaulds drew no benefit from the annual report, but closed 5p down at 122p.

Beecham Group (278p) and Unilever (359p), both well bought over the past few weeks, came down smartly as profits were taken on an unwinding market. Both ended with falls on the day which ran into double figures.

Hawker Siddeley (268p), Metal Box (259p), GKN (232p) and ICI (359p) were all sharply lower on the day. At 243p, Tube Investments suffered a further setback as buyers lowered their limits. Shares in Tubes have fallen steadily ever since the disclosure that the United States cycle market, an important contributor to profits, is collapsing.

The picture was also dismal on the electrical engineering pitches. Plessey, due to report on trading this week, stood up well at 70p, but GEC (119p), BICC (117p) were 6p and 5p down respectively. Pilkington Brothers resumed their downward trend.

Thom Electric eased by 6p to 162p as the market awaited the outcome of the bid struggle for Sheffield Twist. Decra, in spite of its consumer orientation, managed to hold the loss to 2p at 194p. Profit takers moved in at last on EMU, whose shares have risen strongly since

**Latest dividends**

Company	Dividend	Rate	Year's Prev
Brown & Tawse (25p) Fin	1.52	1.40	7.8
Castlefield (Klax) (10p) Int	0.38	0.35	15.8
Imperial Group (69p) Fin	1.08	1.05	12.06
Gordon Dyer (25p) Fin	2.02	2.02	2.72
Giltspar (10p) Fin	1.4	1.33	22.3
GI Northern Int (25p) Int	1.02	0.96	18.9
Leopold Joseph (25p) Fin	4.54	4.15	26.7
Killinghall Chms (10p) Int	1.15	1.05	31.7
Kwahu Chms (25p) Fin	2.32	1.34	25.7
May & Hassell (25p) Fin	1.53	1.44	1.8
Herbert Morris (50p) Int	1.5	Nil	26.8
Whitecroft (50p) Fin	3.21	2.95	4.87

Dividends in this table are shown in pence per share. To establish gross, multiply the net dividend by 1.54. \* Cents a share. † Adjusted for scrip.

**Payout from H Morris as recovery steepens**

The shares in Herbert Morris, the crane group, rose 3p to 43p yesterday on news of a return to dividends and a good trading outlook.

The recovery which set in during the second half of last year has continued. It has taken pre-tax profits for the six months to April 20 to £34,000, against a loss of £76,000. Given a clear run, the second half should be as good, indicating a profit of around £76,000, against last year's £316,000 and the record £591,000 achieved in 1972.

Turnover for the half year rose from £34,6m to £38.3m, while attributable profits are £16,700, against a loss of £51,000. The board is returning to the dividend list with an interim of 2.31p and stresses that the maximum permissible payment for the full year would be 4p.

The cash position is much improved and the board has decided to expand and modernize the heavy crane unit at Loughborough.

**L. Joseph has 60 pc of assets liquid**

Disclosed profits after tax of Leopold Joseph Holdings, the merchant bank, were £468,000 in the year to March 31. They showed a small increase over the £466,000 of the previous year. The total dividend goes up from 8.19p to 9.79p. The board's lending policy is cautious and only small amounts had to be written off against profits for bad or doubtful debts. More than 60 per cent of assets are easily realizable.

Two German Landesbanks, Bayernische and Bremer, have a stake in L.J. of just over 25 per cent and this subscription during the year with further retentions boosted the bank's capital base from £3.2m to £7.97m, an increase of nearly 50 per cent.

**ERG expansion**

Electronic Rentals Group says its major trading subsidiary, Visionhire, has bought for £1.38m the television rental assets of Lugs Surevision and certain properties of Lugs Retailers in Northern Ireland. There it has agreed to cease all television rental operations. L.S. and L.R. are both wholly owned subsidiaries of Philip Electronics & Associated Industries, which presently holds 25.9 per cent of ERG's issued share capital. The cost will be met from within ERG's existing facilities.

**Guardian Mortgage**

Florida-based property investment company Guardian Mortgage Investors returned a loss of \$4.86m (£2m) in the year to February 28, against a profit of \$12.3m. This is before a provision for possible losses of \$36.5m, against \$13.7m, against earnings of \$10.7m.

About \$319m, 73 per cent of the company's property loan and equity investments are "non-earning", while fore-

**Whitecroft is ahead, growth hungry, and strong financially**

By Andrew Wilson

After the hint at the interim stage of a possible downturn in the textile and building supplies division at Whitecroft, it comes as little surprise that the first half pre-tax profits growth of 39 per cent should have turned into a decline of 19 per cent in the closing six months of the year to last March. But the results for the year are a record. They show an overall improvement from £3.15m to £3.28m on turnover up from £31.8m to £38.0m.

While the full breakdown of divisional profits will have to await the full accounts, it appears that textiles finished the year on an even keel with profits similar to last year's £1.3m. Although the building activities recorded a fall, presumably in part due to the strength of "Do-It-Yourself". Leather managed a strong recovery. In 1974-75, hide prices fluctuated violently while working capital requirements escalated combining to build up losses of £159,000. Last year, however, a turnaround in profits of £75,000 was made. Property development profit amounted to £230,000.

Following the stock appreciation measures, it is likely that no taxation will be payable this year compared with an income in 1974-75 of £1.71m with the result that the company is in a position to pay a dividend of 1.71p per share. This was in any case strong as of Blackfriars House in Manchester. As a result, net asset value has leapt from 126p to 164p a share which compares with a share price last night at a depressed market 2p bent at 73p.

Whitecroft's final dividend has been raised from 4.4p to 4.96p gross lifting the total payout from 6.60p to 7.43p a share where the yield is 10.2 per cent. Earnings during the year proved from 18.9p to 19.2p a share—a level which it is hoped to maintain in the current year. The group is still seeking acquisitions while borrowing powers are virtually untapped.

**News Internat expects to improve this year but Bemrose uncertain**

News International, the newspaper group publishing The Sun and the News of the World, expects to do better in the first half of this year. Looking beyond that, the chairman and managing director, Mr. Rupert Murdoch, said yesterday's annual meeting that the British national newspaper industry lacked the cohesion to put its house in order.

The chairman added that the position of the group's two national newspapers was relatively healthy. Both had made good gains in advertising. Elsewhere the picture remains mixed. The Bemrose was hurt by the downturn in magazines and union disruption during the introduction of the TV Times contract.

If problems can be overcome, Bemrose should do better in the second half year. He explained: "We are making great efforts to get the relevant print unions to understand the difficulties Bemrose, but should the efforts fail there will be lin point in continuing with it enterprise."

Bemrose Organisation suffer from an NCA overtime ban as well as rising costs and a decline in classified advertising. Town and Hook has been running 75 per cent of capacity so far this year but long-term contract and capital spending protect it company from the worst of the recession. Convoys was bad hit by the dock strike as the fall in the use of new print. In Australia, group publications are thriving.

Looking back on 1974, the chairman pointed out that price restraint in the current year delayed while the share World News Corporation's loss in the United States was big than feared, reflecting less interest charges and early loss on the National Star. This paper is now making modest profits.

**Overseas**

**Jas Scott sells Israeli sub**

James Scott Engineering Group is selling its 68 per cent interest in its Israeli subsidiary, AF, to the local Israeli management. The group will hold the remaining 32 per cent.

While AF has been profitable in recent years it has not been possible to convert those earnings to the benefit of Scott and its shareholders in terms of cash flow because of the expansion and consequent working capital requirements of AF. These, combined with the effects of Israel tax, led to a restriction on dividends. Total consideration amounts to £19.3m (about £75,000).

**CREOLE PETROLEUM**

American Stock Exchange has suspended capital stock of Creole Petroleum Corp. Earlier Exxon Corp said it had merged wholly owned affiliate into Creole. As a result, public stockholders of Creole will receive \$1.50 a share of Creole stock and Exxon became sole stockholder of Creole.

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Sir Joseph Hunt, M.B.E., Chairman

COMPARATIVE FIGURES	1974	1973
Turnover	3,132	1,322
Profit before Tax	684	419
Profit after Tax	332	210
Retained in Reserve	284	152
Dividends per share (gross)	1.8p	1.2p
Earnings per share (fully diluted)	10.5p	11.0p
Net Tangible Assets per share	48.8p	20.2p

The Annual General Meeting of the Company will be held at The Abercrombie Rooms, Bishopsgate, London EC2A 12QJ on Tuesday, 24th June.

Copies of the Report and Accounts are available from the Company Secretary, Redan House, Redan Place, London W2 4SA.

**Issues & Loans**

shareholders will be asked to approve new articles. Chairman Mr R C Shaw says there has recently been a lot of trading in the group's shares which has increased the spread of beneficial ownership. As long as the group remained a private company with restricted transfer rights there was a possibility that some shareholders would be denied direct access to the share register. The new articles provide that the right of transfer and the number of members of the group will no longer be restricted.

**Arab oil states as Euro-borrowers**

Three Arab oil-exporting countries—Algeria, Iraq and Oman, are in advanced talks to raise around \$1,000m (£440m) between them in Eurocurrency markets. Western bankers said it. "London. The loans are thought to provide fresh evidence of the extra balance of payments needs, emerging in the oil states, arising partly from the slack world market for oil products.

**Algeria, is completing plans for a \$500m, medium-term facility; Iraq, is its first entry into the syndicated Eurocurrency market; Oman has a \$75m project through a five-year credit.**

The first two loans will mark the biggest national credits to be raised in the Eurocurrency market since the large balance-of-payments borrowings by Western Oil-consuming nations during 1973-74, the bankers said.

**KWAI 1-FOR-2 RIGHTS**

Board proposes 1-for-2 rights at 20p. The proceeds will be used to expand and diversify group's investment portfolio. Pre-tax profits for 1974-75 expected at £110,000 (£97,000). Dividend 2.3p (1.2p).

**E. F. HUTTON**

Company will offer individuals opportunity to purchase shares in the established, United States Treasury price at an auction to be held on June 30. Auction will be conducted for Treasury and will take place in Washington DC.

**SLATER-MELBOURNE TRUST**

Slater, Walker Securities and Investments are now interested in £24,147 (12.07 per cent) ordinary shares of Melbourne and General Investment Trust.

More Financial News on Page 22



# Dunlop Holdings Limited

The spread and variety of business, a real source of strength.



At the 76th Annual General Meeting held in London on June 23rd, the Chairman, Sir Reay Geddes KBE said:

It is with deep regret that I have to tell you of the death of one of our Directors earlier this month. Mr. Horace Ward, our Finance Director, died on 17th June. Mr. Ward joined Dunlop in 1947 and held a series of positions in the Finance Division: Taxation Manager, Treasurer, Group Comptroller and Director of Finance prior to his joining the Board in 1972. With his high professional skill, he brought an active and incisive mind to bear on all financial issues; but, more than that, his opinions were always based on a clear ethical standpoint. He will be very much missed by all his colleagues and friends.

Whilst we can take some pleasure from the fact that for 1974, there are no reasons to be complacent. This is no time to relax. Faced with inflation and recession, we need to continue to show prudence and to conserve resources, in part to prepare for the expected upturn in business in 1976/77 around the world, even if that recovery is postponed in Britain itself. We must hope that this delay will not see our country facing a renewed rise in world prices before our domestic inflation is controlled.

The present state of the Group is healthy and its liquid position sound. Last year's cash flow more than covered the necessary capital expenditure of £30 million and met a third of the additional working capital required; gearing has been virtually held for three years.

There has been a slow upward trend in the return on capital employed in the last few years, but profits, although well maintained in a difficult year, are still not high enough. So in the present situation, our Board did not believe it was in the financial interest of shareholders to propose an increase in the dividend.

But present shareholders and prospective investors, with those who advise them, are concerned, not only with the present state of Dunlop, but with the future. Experienced commentators tell us that there are difficulties in understanding Dunlop and the Dunlop/Pirelli Union. This imposes on us a duty to explain continually what kind of group we are and where we are going.

Investors and analysts find it convenient to fit a share into one or other sector familiar to them, such as 'motors and components' or 'electricals' or 'miscellaneous industrials'. So a product read of our kind, with tyres and automotive products, a considerable stake in cables, sports goods, footwear, flooring, fighting equipment, hose and belting, antennas, and innumerable components in the engineering industry does present genuine difficulty. Compared with 1973, we did relatively better than each of those sectors of the Financial Times index. We do not belong to any one category but seem to get benefit by the spread over several. What is that spread?

## THE BUSINESS SPREAD

Industrie Pirelli in Italy, as you know, imposes no liability or commitment for other funds from Dunlop nor does its results affect the profit and loss account. It is worth remarking in passing that despite the extremely difficult economic conditions which have largely caused the

heavy losses there, the cable business in Italy has always been profitable since the Union.

So, Dunlop shareholders are not concerned with Industrie Pirelli in Italy, but with Dunlop Limited, Dunlop International, and the Pirelli companies outside Italy. This geographical spread is important at a time when uncertainty about the British economy and therefore sterling gives added importance to foreign income. In 1974, Europe accounted for 37% of the trading profit; North and South America for 40%; African interests for 8%; and Asia and Australasia for 15%. In fact, about three-quarters of the trading profit arose outside the United Kingdom.

In a difficult year for the automotive industry everywhere, tyres accounted for some 35% of the trading profit of the Union; cables and engineering for some 37%; consumer and industrial goods for 23%; and supply activities, textiles and plantations, for 5%. A reasonably diversified portfolio of activities, when one remembers that, in 1970, tyres were two-thirds of the business. In a year which began with three-day working in Britain and an unhelpful March budget, and ended with a sharper decline in world trade and activity than generally expected, the spread and variety of business stood us in good stead. It will do so again.

In the next three years, the planned capital spending of the Dunlop Group will be about £120 million, of which some three-quarters will be overseas, reflecting the balance of our activities, almost all financed abroad. As shareholders will have gathered, there has been a marked switch in emphasis in recent years. We are in transition, still believing that our skills and reputation in the automotive industry are a valuable asset as it recovers and grows, rather slowly in developed countries, more quickly among the developing countries. But we are strongly supporting other promising activities, many of them quite small as yet but including our major interest in cables. Electrification and communications are a necessary part of the infrastructure for economic growth and the demand for cables grows appreciably faster than gross national product in most countries. It has ups and downs depending on public authority programmes, but the timing is different from our main activities.

## COMMODITY AGREEMENTS

Business conditions cannot be planned, and we must accept that we depend upon some materials which are oil-based and

others, notably natural rubber and copper, where price can also vary widely within a year. So, we are much concerned with the international efforts to stabilise commodity prices. As a producer and user of natural rubber, we can see the potential benefits to both and believe that we have something to contribute to this debate. We would support measures which can iron out short-term fluctuations, without damage to the longer term needs for higher yields and higher efficiency. To get the best of both worlds, we believe it is important for the views of consumers as well as producers to be given due weight both in formulating and operating any such schemes.

## INTERNATIONAL INVESTMENT

There is a more general uncertainty, felt by some observers, about the future of international companies: will they still be permitted to operate reasonably profitably? It is as well to remember that Dunlop has been international since the turn of the century. We have been proud of our good relations with host countries, seldom criticised, though occasionally expropriated.

It is true, and unfortunate, that anyone who reads the proceedings of the United Nations and its Agencies on this subject will feel that we all operate in a highly charged atmosphere. I use the word 'unfortunate' because an 'adversary' attitude does no good to those developing countries, often with large populations at subsistence level or sometimes below, on whose behalf the speeches and resolutions are made. Beneath the political level, we must go on working for understanding and co-operation. There may be some better auguries. In the first place the issues are becoming clearer as the developed countries are beginning to stand up better for their interests while acknowledging the needs and aspirations of others; secondly, the developing countries know that they need to attract capital, technology and management experience. Naturally, they want and get an increasing say in the terms on which these are supplied. Thirdly, there is more factual information now about the conduct of so-called multinationals than ever before. Almost all of it shows that they bring benefit, and only in rare cases do they overstep the bounds as a guest in another country. Critics should recognise that the occasional transgressions of one do not represent the normal behaviour of all.

The conduct of governments also is important. Most developing countries understand that agreements freely entered into should not be broken unilaterally or, if they are, that there should be proper compensation. The governments of industrialised countries almost always remember that an overseas subsidiary or associate is not to be used as an instrument for interference in the host country's internal affairs. There is much still to be done by individual companies to keep relations right between the investor and the host country. But I am suggesting that as information and experience grow, as recently independent countries gain in confidence, and as many companies like ours are seen to have a constructive role to play, the tide of vague general criticism and potential conflict may well turn.

## ACCOUNTING CONVENTIONS

With shareholders and investments in many countries, we naturally welcome the

work of the accountancy profession to achieve agreed standards. Inflation accounting is being studied in several countries and we look forward to agreement, if possible internationally. If there is to be a supplementary statement, separate from the statutory accounts, it will be important to know how much weight investors will give to each in the early years, how Governments will treat them from a tax and price code point of view, and how international competitors will apply them.

There is also the perennial problem of stock values. So far, we have held consistently to British practice based on FIFO—first in, first out—for Dunlop and Union accounts. But leading U.S. rubber manufacturers have adopted LIFO—last in, first out—which is also normal practice outside Britain for accounting for the copper used in cables. Its advocates claim that LIFO dampens the effects year by year of wide movements in price. So this is material to our results—it is not an academic point. On this basis for copper, profits in 1974 would have been appreciably greater; the converse can also be true—in 1973 the figures would have been lower.

I now turn to the future.

## THE PRIVATE SECTOR

When we meet next year, the influence of the Referendum on the politics and economics of this country should be easier to see. The result is a vote not only for Europe but for an open economy in trade and payments—a basic policy long supported by a majority in every democratic political party and very important for every company engaged in competitive trading and investment around the world. As one of these, we are, therefore, governed by the attitudes and criteria of the private sector. This does not make it unduly difficult for us to be aware of our social responsibilities in and between countries, but it does mean that we must not be expected to behave like a social service: above all, in our home base.

Being in the private sector, we hold the view that a multitude of individual market decisions is more likely to give people what they want than a few centralised points of decision, however wise the decision-takers. We believe this for the markets in which we sell, for the commodity markets in which we both buy and sell, and for the capital markets on which we ultimately depend. Each must operate as their experience and prudence tell them, and it seems to us that they deserve recognition rather than criticism for the ways in which they have absorbed the major economic shocks from the oil crisis and the political uncertainties to which they have been subjected.

Of course, it would be unrealistic to claim that all markets or all the people in them, are perfect. As a company, we have suffered from damaging but baseless rumours. But such events must not be allowed to detract from confidence in the market system as a means of allocating resources and of settling relative values. More self-regulation, perhaps: a legal strait jacket, no.

## THE WAY AHEAD

Hopefully, we are also at the end of a period when political, even electoral, considerations have taken precedence. Perhaps we can now attack the basic issues confronting the country—to control

inflation and improve our competitive performance—with enthusiasm. There is everything to be said for high and rising real wages earned by, and paid from, high productivity. Other social democracies can achieve this by getting their mixed economies to work well.

The success of our British managers abroad and the 33% increase in export sales last year confirm our view that British industry is capable of competing successfully. But it cannot be done by detailed central planning or by pumping money with political strings of one kind or another into some chosen firms or sectors; but rather by creating a more helpful framework in which industry generally can become more market oriented and so more efficient. The Government and Trade Unions are devoted to redistributing wealth—that does not create it. As industry is the main instrument for doing that, it should be a unifying force in society. Yet the suspicion is still widespread that employers are in some way hostile to society.

There is a problem of communication. Political opinion-formers tend to stress rights not duties; the excitement of conflict, not the strain of co-operation; centralisation and conformity rather than freedom of choice.

By contrast, the employer's role is to ask week after week for reliable work, perseverance, economy with resources, sensible co-operation, and widely dispersed responsibility. Rather old-fashioned and not so popular virtues, perhaps, at the present time, but necessary because effective effort and material progress can improve the quality of life about which everyone cares. When Britain is living on 'tick' and men of goodwill are looking for common ground, cannot even those to whom the 'size of the slice' matters most, agree that the 'size of the cake' matters first?

When we meet in twelve months' time, the Government will have had another year to show that it understands this. Even if the Chancellor can halve our inflation, Britain may still be in recession with the stronger countries coming out of it. Already there are a few more hopeful signs of recovery in the stronger countries in Europe where we had a difficult time last year. Outside Europe, the level of business in a number of our overseas operations is holding up well and the recession in the U.S. appears to have touched bottom.

In fairness, Mr. Healey's latest budget is helpful. We shall save some £3 million in cash as a result of the stock appreciation relief provisions and we should get further help from the changes in the price code regulations.

All in all, I cannot hold out hope of exciting results in 1975, but you may be sure that senior management will continue the tight control and careful allocation of resources which now apply, as well as preparing for the years ahead. They are, by instinct, people who like to build businesses that grow. Shareholders will, I am sure, wish to thank them for the special efforts, often against their instinct as entrepreneurs, which have strengthened the base for future initiatives.

Copies of the speech and 'Dunlop at Work in Britain 1974' can be obtained from the Secretary, Dunlop Holdings Limited, 25 Ryder Street, London SW1Y 6PX.

 **DUNLOP**



## FINANCIAL NEWS AND MARKET REPORTS

## Sir K. Keith fears for the economy

Efforts to curb inflation in the UK have not been strenuous enough in the view of Sir Kenneth Keith, chairman, in the report of Philip Hill Investment Trust. If we fail to act, he fears that we will suffer a major economic crisis, with exports priced out of world markets, unemployment rising and sterling weakening still further.

The board has held cash balances at similar levels to last year, in the belief that the current flow of major company financing will continue.

Foreign currency loans were reduced from \$27.4m to \$15m and the shortfall on remaining loans was made good. Borrowings are now in Euro-dollars so the group is protected from a fall in the value of the pound.

## Copper stocks rise by 7,200 tonnes

Stocks in London Metal Exchange finished on a note of the end of last week (in tonnes unless stated): Copper rose 7,200 to 284,125; Tin fell 40 to 5,590; Lead rose 1,250 to 11,725; Zinc rose 2,900 to 12,925; Silver rose 220,000 to 14,460,000 troy ounces.

## Coffee Council in session today

Renegotiation of the international coffee agreement is the main item on the agenda of the twenty-sixth session of the International Coffee Council which starts in London today.

Delegates are hoping that a draft of an agreement can be worked out in the three weeks of talks.

## WAGE GROUP Turnover for 1974, £1.46m (£1.46m). Pre-tax profit, £45,000 (£104,000). Dividend raised from 1.35p to 1.40p. Board expects profits for first half of 1975 to show small rise.

## Eurobond prices (midday indicator)

STRAIGHTS		Buy	Offer
Alfreds 8 1/2 1982		85	88
Alfreds 8 1/2 1981		85	88
BICC 1987		90	92
BICC 1986		90	92
British Steel Corp 8 1/2		85	88
Burlington 7 1/2 1987		90	91
Canada 8 1/2 1987		90	91
Chervon 7 1980		90	91
Comcast 8 1/2 1987		90	91
Comcast 8 1980		90	91
Cons Food 7 1981		90	91
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Country 7 1979		90	91
Country 7 1978		90	91
Country 7 1977		90	91
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THE £780 MILLION  
INVESTMENT EXPERIENCE

**Canlifeunits**

EXPERIENCE—WHERE EXPERIENCE COUNTS

Canlife Unit Trust Managers Limited, Canlife Life House, High Street

## A setback

§ Forward bargains are permitted on two previous days.

\* Ex dividend = Ex all + Forensic dividend & Corrected price = Dividend plus gain and loss at price at subscription. † Dividend and yield exclude a special payment. ‡ Bid for treasury. § Forecaster figures. || Forensic earnings. ¶ Social capital distribution. \*\* Ex Rights = Ex scrip or share split 1 For 1. \*\*\* Price adjusted for late dealings. \*\*\*\* No significant date.

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### THE TIME SHARE INDICES

The Times Share Indices for 33.06.75 (base date June 2, 1964) followed until base June 2, 1980—

	Index Latest	Div. Yield Index	Earn- ings Index	Pre- vious %
<b>The Times Industrial share index—</b>				
All-Share Corp.	135.45	7.88	14.88	139.50
Industrial Corp.	138.40	8.45	15.28	142.44
Smaller Corps	138.10	7.88	14.56	143.15
Consumer Goods	138.10	8.45	15.28	142.44
Consumer Goods	135.20	8.27	12.81	136.87
Chemicals	125.50	1.73	7.93	127.26
<b>Largest financial shares</b>	<b>126.49</b>	<b>3.45</b>	<b>—</b>	<b>127.26</b>
<b>Largest financial and industrial shares</b>	<b>143.05</b>	<b>6.36</b>	<b>—</b>	<b>145.45</b>
<b>Commodity shares</b>	<b>236.02</b>	<b>4.44</b>	<b>13.41</b>	<b>232.04</b>
<b>Gold Mining shares</b>	<b>653.98</b>	<b>8.18</b>	<b>7.57</b>	<b>647.21</b>
<b>Industrial debenture stocks</b>	<b>78.08</b>	<b>8.28</b>	<b>—</b>	<b>78.36</b>
<b>Industrial preference stocks</b>	<b>45.40</b>	<b>15.97</b>	<b>—</b>	<b>45.49</b>
<b>3½% War Loan</b>	<b>24½</b>	<b>14.69</b>	<b>—</b>	<b>24½</b>

A record of the Times Industrial Share Index is given below—

	High	Low
All-time	236.47 (13.02.72)	60.18 (12.12.74)
1973	250.16 (06.04.75)	67.42 (06.01.75)
1972	136.18 (18.07.74)	62.85 (12.12.74)
1971	138.23 (12.01.73)	120.99 (04.12.73)
1970	146.67 (12.01.72)	120.99 (04.12.73)
1969	147.77 (13.01.73)	122.48 (04.12.73)
1970	145.78 (14.01.73)	110.75 (06.05.70)

\* Flat interest yield.











